

# Executive Summary

## FY 2003 Adopted Budget

### OVERVIEW

**The Adopted Budget for FY 2003 represents the most challenging budget in a decade. The Budget eliminates a projected \$42.4 million General Fund shortfall through a combination of reductions and redirections designed to minimize the adverse impact on the delivery of priority services.**

The Adopted Budget also provides for added targeted investments in Council priority areas such as neighborhood infrastructure and maintenance, drainage and flood control, aviation infrastructure, Brooks City-Base, Kelly USA, human development, tourism promotion, environmental protection, solid waste management, and higher education development. These initiatives are included in the Adopted Budget without the need for an increase in the overall property tax rate that remains at 57.854 cents per \$100 valuation for the tenth consecutive year.

- The Neighborhood Accessibility and Mobility Program (NAMP) has provided resources for various neighborhood sidewalk and street improvements throughout the community in recent years. To augment the \$2 million annually budgeted in the General Fund for NAMP and recognizing that Maintenance of Infrastructure is the Council's highest budget priority, the Adopted Capital Budget sets aside \$1.25 million in Certificate of Obligation proceeds for NAMP projects.
- The last General Obligation Bond authorization was in 1999. Bond elections have typically been held on a five-year cycle. As a consequence of prudent management of the City's debt management plan, sufficient debt capacity is available to accelerate the next bond authorization election to 2003. Specifically, a \$115 million General Obligation bond program is proposed for authorization in an election in 2003.
- A 30% rate increase in the Stormwater Fee will provide increased operating funding for improved drainage system maintenance and to permit the issuance of revenue-backed debt providing \$39.7 million for much-needed neighborhood drainage and flood control projects.
- To enhance the City's aviation support infrastructure (one of the City's targeted industries), the Capital Budget provides \$82.2 million in FY 2003 for improvements to San Antonio International Airport facilities such as renovations to concourses, construction of new air freight facilities and building of a new parking garage.
- Another targeted industry addressed by the Adopted Budget is high technology through support for development of the Brooks City-Base Technology & Business Center. Specifically, \$1.6 million is provided in the Capital Budget for Brooks City-Base capital improvements and \$749,277 in the General Fund Budget for operating improvements for the Brooks City-Base Office to include funding for outside legal help, professional marketing services, business plan development grant match, property insurance, and security.
- Development of KellyUSA to encourage the logistics targeted industry is also a community priority. In recognition of this, the Capital Budget includes \$2.15 million for improvement projects at KellyUSA.
- A total of \$500,000 is redirected to increase each Council District's Human Development Funds from \$70,000 to \$120,000 to support human development programs such as senior services, childcare, youth job skill training academies, youth services, scholarships and job training.
- The Hotel/Motel Tax Fund budget includes \$2.15 million in added advertising funding to further promote the local tourism industry. Of this amount, \$1.75 million represents a one-time improvement for FY 2003 and \$400,000 represents a recurring advertising budget improvement.
- The amount of \$500,000 is set aside as a challenge match to other local governments in the Stormwater Fund for a thorough study resulting in an Edwards Aquifer Management Planning Model to allow the determination of the impacts of future growth over the Recharge Zone.
- With respect to solid waste management, the Adopted Budget includes initiatives addressing Environmental Services Fund fiscal stability and brush program effectiveness. In order to maintain twice-a-week residential refuse collection, the monthly residential fee will increase by \$0.51 per month, or 5.5%, from \$11.70 to \$12.21 per month. To improve the effectiveness of the City's brush

program, the curbside collection program will be focused to smaller, more targeted collection areas; the number of collection cycles will be reduced from three annual cycles to two; and the availability of the neighborhood Dial-A-Trailer brush collection program of the City will be increased for all parts of the City.

- The amount of \$500,000 is set aside in the Adopted Budget to initiate the development of a future southside Texas A&M four year campus. The funds will be used to conduct environmental and infrastructure requirement assessments.

The Adopted Budget includes a 3% wage increase for firefighters under the terms of the recently approved collective bargaining agreement with the San Antonio Professional Firefighters Association. The Adopted Budget also sets aside funds in anticipation of a new collective bargaining agreement in FY 2003 with the San Antonio Police Officers Association.

The City will maintain the living wage standard for FY 2003 by increasing the minimum hourly wage from \$8.50 to \$8.75 bringing the minimum annual salary for a full-time City employee to \$18,200.

## **BUDGET PROCESS**

The process for developing the FY 2003 Adopted Budget involved the following overall steps:

- Public Input on Budget Priorities
- Five-Year Financial Forecast
- City Council Goals & Objectives Worksession
- Proposed Budget Preparation
- City Council Budget Worksessions
- Budget Adoption

The first step involved the receipt of public input on budget priorities through a Budget Open House that was conducted by the City Council on May 13, 2002. The Open House resulted in the preparation of a list of issues important to citizens and community groups serving as input to the Council's final setting of FY 2003 Budget Priorities. The community input from the Open House along with a list of proposed Strategic Issues was reviewed by the Council at a separate meeting for subsequent use at the City Council Goals & Objectives Worksession.

The next step was presentation by staff of the Five-Year Financial Forecast. The Forecast is a financial and budgetary planning tool that identifies emerging issues that will be encountered in the next five years and that will have a fiscal impact upon the City's program of services. In addition, the Forecast serves as a foundation for development of the Proposed Budget by projecting revenues and anticipated expenditures under a defined set of assumptions. The Forecast allows the City Council and staff to identify financial issues in sufficient time to develop a proactive strategy in order to address emerging Strategic Issues.

The Forecast, which was presented to the City Council on June 6, 2002, reflected the effects of the abrupt downturn in the economy that has occurred since the events of September 11, 2001. With respect to the General Fund, a shortfall of \$42.4 million was projected for FY 2003. Lower-than-expected revenues as a result of the slowing economy were the major contributing factors to the extent of the projected shortfall. With respect to expenditures, the FY 2003 projections were based upon the continuation of existing services at the FY 2002 level with adjustments for inflation, rising employee health insurance costs, adjustments to maintain the living wage standard and added expenditures for mandates. The Forecast also assumed added wage increase-related costs from the recently approved firefighter collective bargaining agreement and the impact of setting aside funds to adjust wages for police officers in anticipation of a new collective bargaining agreement in FY 2003. The five-year General Fund projection also projected shortfalls for FY 2004 (\$23.6 million), FY 2005 (\$14.4 million), FY 2006 (\$8 million), and FY 2007 (\$3.3 million).

Following the presentation of the Five-Year Financial Forecast, the City Council held the Goals and Objectives Worksession on June 7. This year was the thirteenth consecutive year in which the City Council met to determine its priorities for the coming budget deliberations. The focus of the worksession was to discuss among the members of Council the budget priority issues. Department heads and community stakeholders were available as resources to the Council to help answer questions. The worksession participants focused on establishing FY 2003 Budget Priorities through a process using as the basis the Strategic Issues identified in the Five-Year Financial Forecast. A survey was employed as part of the worksession to allow the Council to rank specifically the 84 Strategic Issues by priority. A follow-up meeting to finalize the budget priorities with the Council was held on June 13. A listing of the Council's FY 2003 Budget Priorities is provided immediately preceding this Executive Summary. The City staff has used the Council's guidance from the June 7 and June 13 meetings as the basis for recommending reductions in the Proposed Budget having the least adverse service delivery impact in the upcoming fiscal year and for proposing targeted added investments in key Council priority areas.

The Proposed and Adopted Budget documents both reflect updated program information, goals and objectives and performance measures for each department. Department directors met with the Management Team in April and May to review the departments' goals and objectives for the upcoming fiscal year. During these meetings, staff presented existing and adopted performance indicators which help them track the City's progress in the efficient and effective delivery of services to citizens and achieve their stated goals and objectives. The performance indicators for each department are arranged in the Balanced Scorecard format. The performance measures are balanced in that they are grouped to reflect precisely each of the four key organizational aspects of each department: Customer Service, Financial Performance, Internal Processes Efficiency, and Employee Learning & Growth. The measures also are designed to demonstrate and validate the impact of adopted improvements to service delivery.

Additionally, departments were given target budgets based on current service requirements and allowed to submit expenditure proposals within the target amount. The target budgets submitted represent the departments' best judgment on how resources should be allocated based on their experience on the most effective method for delivering services. In view of the \$42.4 million shortfall projected by the Forecast for FY 2003, each department was specifically asked to prepare proposals for the redirection of resources and/or suggested program reductions equivalent to 5% of each department's FY 2002 Adopted Budget. Since late June, the City Manager and the Management Team have met with each department director to review the department's estimated commitments for FY 2002, FY 2003 base budgets, adopted revenue enhancements, resource redirections, and program reductions based on the City Council FY 2003 Budget Priorities.

After receipt of the Proposed Budget, the City Council held a series of worksessions to review the proposed service program details. The Budget worksessions included a review of revenues and presentations by departments that included a description of the significant policy issues. After considering all the recommendations and receiving input from citizens at three public hearings, City Council amended the budget by balancing program revenues and expenditures to make the proposed service plan more closely track the Council priority objectives. The specific adjustments to the General Fund, the Hotel/Motel Fund, the Stormwater Fund, the Environmental Services Fund and the Capital Budget are detailed on the schedules provided below.

## Amendments to the Proposed General Fund Budget

### Added Amendments

<b>City Council Budget Priority</b>		<b>Description</b>	<b>Amount</b>
Charter Review/Governance		Auditor Classification Study	\$250,000
Economic Development	*	Development of southside Texas A & M four-year campus	\$500,000
Economic Development		Increase contribution to Brooks City-Base	\$200,000
Economic Development		Enhance Tax Increment Finance District Administration	\$100,000
Economic Development		Restore 5 positions in Development Services	\$158,959
Economic Development		Add 4 Plumbing Inspectors	\$347,286
Human Development		Restore 1 Community Center Leader I for Therapeutic Recreation Site	\$27,464
Human Development		Add overtime funds to Police for support to Bike Rodeos	\$25,500
Human Development	*	Veterans Affairs Commission	\$13,342
Human Development	*	Fund Ella Austin Community Center	\$173,238
Non-Strategic Issue		Add 1 Animal Cruelty Officer	\$45,000
Parks & Libraries		Restore Library Materials Budget	\$400,000
Parks & Libraries		Restore Reagan Library Contract	\$55,400
Public Safety		Improve Staffing at Emergency Operations Center	\$146,126
Public Safety		Restore 4 EMS Lieutenants	\$472,094
<b>Total Added Amendments</b>			<b>\$2,914,409</b>

\* One-Time Expenditures

### Supporting Sources

<b>Department/Source</b>	<b>Description</b>	<b>Amount</b>
Delegate Agencies	Reduce contribution to Project Quest	\$455,400
Various	Savings from Revisions to 2002 Annexation Plan	\$1,218,228
Development Services	Added revenue from increased Plumbing Inspection Fees	\$362,620
Public Health Support	Transfer funds from the Public Health Support Fund ending balance	\$45,000
Capital Improvements Reserve Fund	Transfer funds from Capital Improvements Reserve Fund ending balance	\$331,044
Emergency Medical Services	Increase EMS Advanced Life Support and Mileage fees	\$502,117
<b>Total Supporting Sources</b>		<b>\$2,914,409</b>

## Amendments to the Proposed Hotel/Motel Fund Budget

### Added Amendments

<b>City Council Budget Priority</b>	<b>Description</b>	<b>Amount</b>
Economic Development	Secure "American Originals Treasure from the National Archives" exhibit for the Witte Museum	\$400,000
Economic Development	Contribution to Sports Foundation for bid development and hosting obligations	\$350,000
Economic Development	Development of "Contemporary Art Splendors of Mexico" at the Blue Star Arts Project	\$50,000
Economic Development	Additional funding for CVB advertising budget	\$1,750,000
Economic Development	Restore Southeast Mexico CASA program	\$48,168
Economic Development	Development of the Hertzberg History Center	\$125,000
Economic Development	Event development funding	\$1,564,000
Economic Development	Performing Arts Center feasibility study	\$100,000
Economic Development	Culinary Arts Program study	\$100,000
Existing Infrastructure	Design enhancements to Mission Trails project	\$400,000
<b>Total Added Amendments</b>		<b>\$4,887,168</b>

### Supporting Sources

<b>Department/Source</b>	<b>Description</b>	<b>Amount</b>
Hotel/Motel Occupancy Tax Fund	Pan American Games support funding	\$4,887,168
<b>Total Supporting Sources</b>		<b>\$4,887,168</b>

### Amendments to the Proposed Stormwater Fund Budget

#### Added Amendments

City Council Budget Priority	Description	Amount
Other Improvements	Restore reimbursement to SAWS for Texas Pollutant Discharge Elimination System stormwater regulatory compliance	\$608,000
	<b>Total Added Amendments</b>	<b>\$608,000</b>

#### Supporting Sources

Department/Source	Description	Amount
Stormwater Fund	Reduce Fund Balance	\$608,000
	<b>Total Supporting Sources</b>	<b>\$608,000</b>

### Amendments to the Proposed Environmental Services Fund Budget

#### Added Amendments

City Council Budget Priority	Description	Amount
Other Improvements	Maintain twice-a-week residential refuse collection, retain curbside brush/bulky goods collection two cycles per year, and maintain once-a-week recycling program	\$969,000
	<b>Total Added Amendments</b>	<b>\$969,000</b>

#### Supporting Sources

Department/Source	Description	Amount
Environmental Services Fund	Increase monthly residential fee by \$0.51 per month	\$969,000
	<b>Total Supporting Sources</b>	<b>\$969,000</b>

## Amendments to the Proposed Capital Budget

### Added Amendments

<b>City Council Budget Priority</b>	<b>Description</b>	<b>Amount</b>
Existing Infrastructure	Development of a traffic model for the Medical Center Area	\$250,000
<b>Total Added Amendments</b>		<b>\$250,000</b>

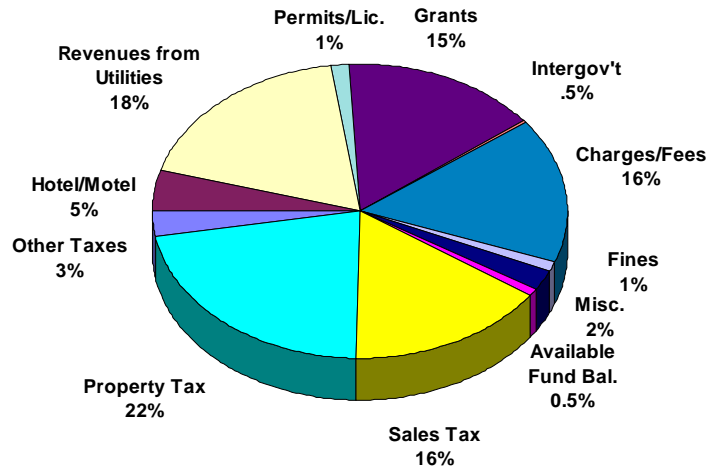
### Supporting Sources

<b>Department/Source</b>	<b>Description</b>	<b>Amount</b>
Certificates of Obligation	Reduce Municipal Facilities improvement project	\$250,000
<b>Total Supporting Sources</b>		<b>\$250,000</b>

## FY 2003 ALL FUNDS ADOPTED BUDGET SUMMARY

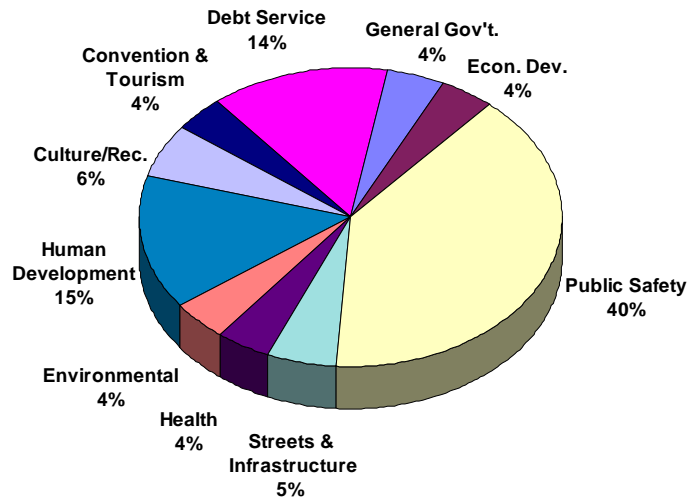
The FY 2003 Adopted Budget appropriation for **all funds** is **\$1.404 billion**, excluding transfers of **\$167 million**. This amount includes **total operating expenses of \$1.078 billion** and **\$325.9 million in capital expenditures**. The following charts show operating appropriations and revenues for all funds for FY 2003.

**FY 2003 ADOPTED CONSOLIDATED OPERATING BUDGET  
SOURCE OF CURRENT REVENUES**



TOTAL: \$1,077,873,554

**FY 2003 ADOPTED CONSOLIDATED OPERATING BUDGET USE  
OF FUNDS**



TOTAL: \$1,077,873,554



## FY 2003 GENERAL FUND ADOPTED BUDGET

The Five-Year Financial Forecast projected a shortfall of \$42.4 million for the General Fund under certain assumptions. The Adopted Budget for FY 2003 eliminates the projected shortfall through a combination of reductions and redirections designed to minimize negative impacts on service delivery, while at the same time setting aside resources sufficient to make a total of \$2.3 million to make service delivery improvements. The below table summarizes the steps taken to balance the Proposed Budget for FY 2003. The details of the listed items in the below table will be discussed in the Executive Summary.

### Five-Year Forecast Projected Shortfall \$ (42.4)

Change in FY 2002 Re-estimated Revenues	\$ 0.9	
Change in CPS Revenue Projections – FY 2003	3.0	
Change in Forecast Current Property Tax Estimates – FY 2003	(1.9)	
Added Revenue from 0.75 cents shift between Debt Service & O&M Property Tax Rate Components	3.0	
FY 2003 Revenue Policy Issues	1.0	
Added FY 2003 Charge-off Expenditures to Other Funds	0.5	
Other Changes in FY 2003 Revenue Projections	3.2	
<b>Total Changes in Revenue Estimates and Projections</b>		<b>\$9.7</b>

Savings in FY 2002 Re-estimated Expenditures	\$4.9	
Savings in FY 2003 Deferred Mandates	1.8	
Savings in FY 2003 Current Services Expenditures	2.4	
Savings in FY 2002 and FY 2003 Assessments from Internal Service and Self Insurance Funds	7.6	
Savings from FY 2003 Reductions	17.7	
Net Savings from FY 2003 Redirections	0.7	
<b>Total Changes in Expenditure Estimates and Projections</b>		<b>\$35.0</b>

**Total Differences – Five-Year Forecast vs. FY 2002 Adopted Budget** **\$44.7**

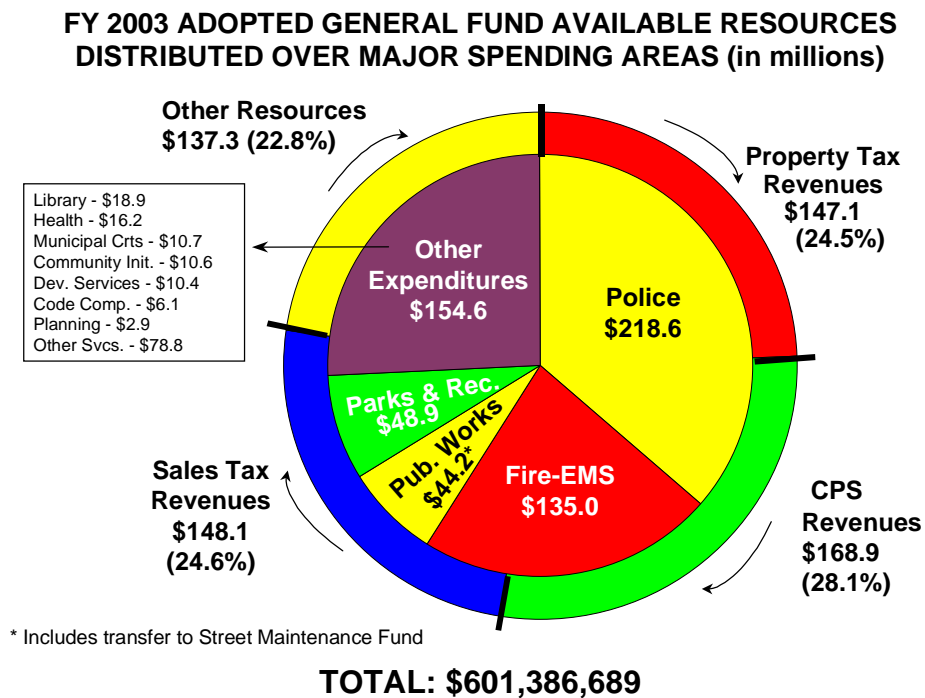
**Resources Available for Improvements**

**\$2.3**

This section provides details on the General Fund revenue and expenditure changes adopted for FY 2003 that contribute to the elimination of the shortfall. Additionally, this section outlines proposals for improvements to service delivery and provides descriptions of mandated added expenses.

## GENERAL FUND REVENUES

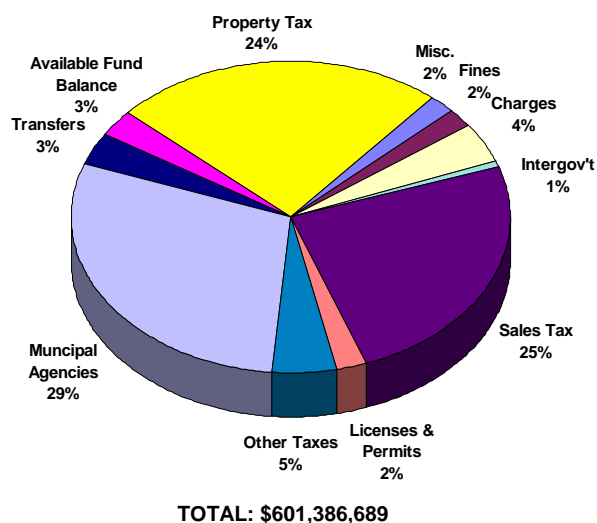
General Fund available resources are anticipated to be **\$601.4 million**. The three principal sources of General Fund revenue are: City Sales Tax, City Public Service (CPS) payments, and Property Tax. Taken together, these three sources of revenue account for approximately \$464.1 million, or 77.2%, of the total General Fund available resources. As shown on the chart below, the FY 2003 Adopted Budget appropriations for the Police, Fire/EMS, Public Works and Parks & Recreation Departments consume all property tax revenue, all revenue from City Public Service, and most sales tax revenue.



A summary of the significant assumptions and policy issues related to the General Fund is presented here. For the purpose of presentation the Streets Maintenance & Improvement and Emergency Medical Services Funds, which are dependent on the General Fund, will also be discussed in this section. In addition to the major revenue sources mentioned above, the Adopted Budget includes a number of new and/or enhanced revenues.

In summary, a total of **\$601.4 million** is available for appropriation as noted in the following chart. A corresponding pie chart appears in the expenditures section depicting seven areas of service delivery in which \$601.4 million is adopted for appropriation.

## FY 2003 ADOPTED GENERAL FUND AVAILABLE REVENUES



### ● **City Public Service** **\$168.9 million**

The largest source of revenue to the General Fund is generated by City Public Service (CPS). Fourteen percent of all CPS gas and electric customer revenue is paid to the City as a return on investment. The FY 2003 Adopted Budget amount of \$168.9 million from CPS revenues is \$5.7 million, or 3.5%, higher than the FY 2002 re-estimate of \$163.2 million.

The estimated revenue of \$163.25 million for FY 2002 is \$2.5 million, or 1.5%, lower than the original \$165.75 million budgeted in FY 2002.

The City's payment from CPS is one of the most difficult revenue streams to project due to a number of variables which include weather, price volatility of fuel sources, and the available supply of various fuels. The volatile nature of CPS revenues has never been more evident than in FY 2001 and FY 2002.

- In the fall/winter of 2000 (first quarter of FY 2001) the combination of both dramatically higher natural gas prices and protracted cold weather caused CPS payments to the City to increase dramatically. Actual FY 2001 revenues amounted to \$171.6 million (this amount is net of the ratepayer rebate and additional Project WARM funds approved by Council in FY 2001 along with the added electricity costs incurred by City facilities).
- In contrast, in the fall/winter of 2001 (first quarter of FY 2002), fuel prices dropped back to more normal levels and the community experienced a very mild winter. Even with a conservative projection for FY 2002 (\$165.8 million budget - \$5.8 million less than the \$171.6 million actual amount), re-estimated revenues for FY 2002 - \$163.3 million - are still \$2.5 million less than anticipated.

As has been the case for the last several years, the CPS revenue projection of \$168.9 million for FY 2003 is conservative. Specifically, staff analyzed CPS' projected growth rates, discounted partially CPS' projections of continuing high natural gas prices in the coming years, and discounted CPS' projected demand. Consequently, staff's projected growth rates as shown above are conservative and prudent in view of the rapidly changing natural gas fuel price environment.

● **Sales Tax** **\$148.1 million**

The national economic slowdown that began in late 2002 and exaggerated by the events of September 11 has negatively impacted re-estimated sales tax revenues in FY 2002 and projected revenues for FY 2003. Actual sales tax collections for the current year are projected to be at \$142 million. This amount is \$1.9 million, or 1.35%, less than the \$143.9 million budgeted in FY 2002 for sales tax revenue. The \$1.9 million loss in revenue is the most immediate indication of the adverse economic impact to the General Fund this year.

As additional evidence of the impact of the slowing economy, the projection for sales tax revenue in FY 2003 is only 2.86% above the \$143.9 million budgeted for FY 2002. While the FY 2003 projection is \$6.06 million, or 4.27%, over the FY 2002 re-estimate of \$142 million, \$1.9 million of the increase (or 1.35%) will just recover the \$1.9 million loss in revenue between the \$143.9 million budget amount and the \$142 million re-estimate for FY 2002. The table below summarizes these differences:

**Sales Tax Revenue Annual Comparisons**  
(\$ in millions)

<b>FY 2002</b>	<b>FY 2002</b>	<i>Diff. from '02 Budget</i>		<b>FY 2003</b>	<i>Diff. from '02 Budget</i>		<i>Diff. from '02 Re-estimate</i>	
<b>Budget</b>	<b>Re-Est</b>	<i>Amount</i>	<i>Pctg.</i>	<b>Adopted</b>	<i>Amount</i>	<i>Pctg.</i>	<i>Amount</i>	<i>Pctg.</i>
\$143.94	\$142.00	(\$1.94)	-1.35%	\$148.06	\$4.12	2.86%	\$6.06	4.27%

While economists still predict steadily gaining economic growth later this year and through to 2003, recent fluctuations in the national stock markets since the presentation of the Five-Year Forecast reduce somewhat the level of confidence in the sales tax projection for FY 2003 made in the Forecast. The status of sales tax revenue source will be closely monitored throughout upcoming fiscal year.

● **City Current Property Tax** **\$143.8 million**

The FY 2003 Adopted Budget includes \$143.8 million in maintenance and operations support for the General Fund from property taxes while maintaining the tax rate at the current year level - 57.854 cents per \$100 valuation. **For the tenth straight year, no increase in the overall tax rate is adopted.**

In the Five-Year Financial Forecast presented in June, the current property tax revenue projected for FY 2003 was \$142.7 million. The estimate assumed no change to the property tax rate and was based solely on added revenue coming from anticipated growth in new property value improvements. Specifically, the projected 4.15% rate of increase over re-estimated FY 2002 property tax revenues was based upon preliminary estimates of new improvement taxable value from the Bexar Appraisal District.

However, the Forecast projection had to be modified upon receipt of the certified tax roll from the Bexar Appraisal District (BAD) in late July. Specifically, based upon the certified roll, the new FY 2003 projection is \$140.8 million as opposed to the \$142.7 million projected by the Forecast – a difference of \$1.9 million. The reason for the difference is that new property values from improvements increased by only 2.9% according to BAD, not the 4.15% amount as projected in the Forecast. Consequently, current property tax revenues projected for FY 2003 will be short \$1.9 million, thereby increasing the projected General Fund shortfall from \$42.4 million to \$44.3 million.

Both the Five-Year Forecast projection and the revised projection based on the certified roll assumed no changes to the property tax rate. To make up the \$1.9 million shortfall between the Forecast projection and the new certified roll projection, and to provide \$1.05 million in additional resources to the General Fund, the Adopted Budget shifts 0.75 cents from the debt service component of the property tax rate to

the maintenance and operations (M&O) portion of the tax rate. The shift between the components of the tax rate maintains the FY 2002 overall tax rate of 57.854 cents per \$100 valuation at the same overall level in FY 2003.

As described above, the property tax rate consists of two components. The first is the debt service component that is determined by the City's debt service requirements. The current debt service rate for FY 2002 is 22.400 cents per \$100 of assessed value. Funds from this component are deposited in the Debt Service Fund and are used exclusively to pay the principal and interest on debt. The second component of the tax rate is the amount for maintenance and operations (M&O) contributed to the General Fund. The current M&O rate for FY 2002 is 35.454 cents per \$100 of assessed value. These two components taken together provided for a total tax rate for FY 2002 of 57.854 cents per \$100 of assessed value.

Property tax values are determined by the BAD in conformance with State law. Values for the City of San Antonio recently reported by BAD for FY 2003 show an increase in total net taxable value of approximately \$1.2 billion, or 3.03%, above last year. Included in this total is \$1.15 billion for new improvements and \$6.5 million in annexations, which reflects real growth of 2.92% over last year's total taxable value. The taxable value less new improvements and annexations yields the base valuation. The increase in the base valuation from last year is \$45.3 million, or 0.11%. The following chart breaks down the components of total taxable value.

**Taxable Values in Billions  
(FY 2003)**

<b>Base Value FY 2002</b>	<b>Increase in Base Value</b>	<b>Annexation</b>	<b>New Improvements</b>	<b>Total Value FY 2003</b>
<b>\$39.607</b>	<b>\$0.045</b>	<b>\$0.006</b>	<b>\$1.148</b>	<b>\$40.806</b>
<b>% of Increase:</b>	<b>0.11%</b>	<b>0.02%</b>	<b>2.90%</b>	<b>3.03%</b>

State law requires cities to calculate an "effective tax rate" which is generally equal to the prior year's taxes divided by the current taxable value of properties that were also on the tax roll in the prior year (less new improvements and annexation). As indicated above, base valuations increased from last year by \$45 million, or 0.11%. Consequently, to generate the same amount of General Fund revenue for FY 2003 as generated in FY 2002, the effective O&M property tax rate for FY 2003 will be set at 35.226 cents per \$100 valuation, a decrease from the adopted FY 2002 O&M tax rate (35.454) by 0.228 cents, or 0.64%.

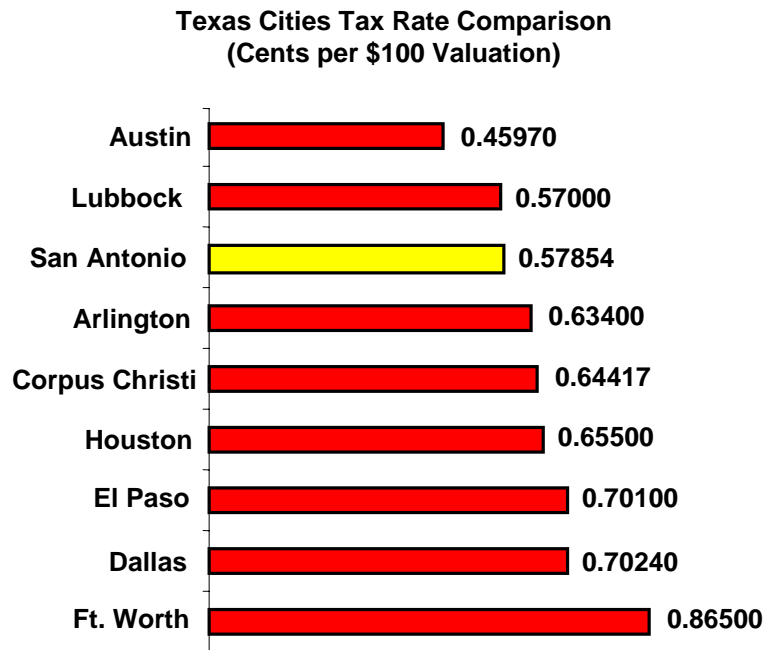
The Adopted Budget sets the overall Property Tax rate for FY 2003 at the same absolute level set for FY 2002 – 57.854 cents per \$100 valuation. Specifically,

- The FY 2003 M&O rate is adopted at 36.204 cents per \$100 valuation which is 0.75 cents (3/4 cent) above the FY 2002 adopted M&O rate of 35.454 cents per \$100 valuation; and
- The FY 2003 debt service rate is adopted at 21.650 cents per \$100 valuation which is 0.75 cents (3/4 cent) below the FY 2002 adopted debt service rate of 22.400 cents per \$100 valuation and is consistent with the requirements of the City's Debt Management Plan.

Together, the adopted M&O and debt service rates combine to equal the FY 2002 total property tax rate of 57.854 cents per \$100 valuation. **Therefore, for the tenth straight year the overall tax rate does not increase.** For the individual homeowner whose appraised value has not changed from FY 2002 to FY 2003, there will be no change in their City property tax bill. However, if the Bexar Appraisal District changes the appraised value on the same home to reflect changes in market value, the impact will vary, depending on the value determined by BAD. From FY 2002 to FY 2003, the average homestead in the City of San Antonio increased in value from \$83,632 to \$88,481 which is an increase of \$4,849, or 5.8%.

The calculation of the average homestead value takes into account improvements as well as changes to base valuation. The increase in the average value means that the average homestead will pay \$28.05 more in City property taxes per year. The changes to property values will vary, but the property tax rate will remain the same.

The adopted tax rate for FY 2003 of 57.854 cents per \$100 valuation places San Antonio as the third lowest of the major cities in Texas. The following chart shows the adopted FY 2003 tax rate for San Antonio as compared to the rates in other major Texas cities.



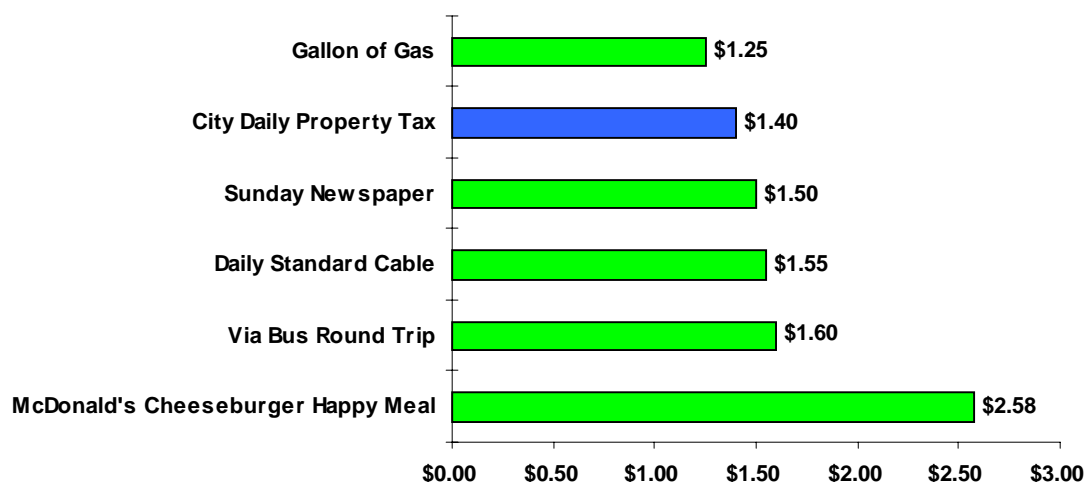
The following sample statement of taxes due demonstrates the portion of local taxes that are due to the City of San Antonio. This sample statement compares current and adopted tax rates for an \$88,481 home, which is the average certified homestead value. City taxes represent \$511.90 or 21.36% of the total taxes due.

**SAMPLE STATEMENT  
PROPERTY TAXES  
BEXAR COUNTY, TEXAS**

Taxing Unit	2002 Assessed Value	Homestead Exemption	Taxable Value	Tax Rate Per \$100 Value	Tax Levy	% of Total Levy
<b>San Antonio I.S.D.</b>	\$ 88,481	\$ 15,000	\$ 73,481	\$1.72200	\$ 1,265.34	52.79%
<b>Alamo Comm. College District</b>	\$ 88,481		\$ 88,481	\$0.10710	\$ 94.76	3.95%
<b>Bexar County</b>	\$ 88,481		\$ 88,481	\$0.317571	\$ 280.99	11.72%
<b>University Health System</b>	\$ 88,481		\$ 88,481	\$0.243869	\$ 215.78	9.00%
<b>County Road &amp; Flood</b>	\$ 88,481	\$ 3,000	\$ 85,481	\$0.01610	\$ 13.76	0.57%
<b>San Antonio River Authority</b>	\$ 88,481		\$ 88,481	\$0.016425	\$ 14.53	0.61%
<b>City of San Antonio</b>	\$ 88,481		\$ 88,481	<b>\$0.57854</b>	<b>\$ 511.90</b>	<b>21.36%</b>
<b>Totals</b>				<b>\$3.001605</b>	<b>\$2,397.06</b>	<b>100.00%</b>

The average daily amount of City property taxes due is **\$1.40**, which compares favorably with the common consumer services and items shown in the following chart. All applicable added sales taxes and franchise fees are included in the costs shown. The daily property tax is based on the average homestead value of \$88,481.

**Daily Consumer Costs Comparison**



The senior citizen homestead tax exemption is maintained at \$60,000 for FY 2003. According to the Bexar Appraisal District, there are a total of 65,344 homestead accounts that qualify for a senior citizen exemption. To date, a total of 43,438 senior citizen homestead exemption accounts have been certified. Of these certified accounts **18,579, or 42.7%, pay no City property tax.**

Among the City Council's high Budget Priorities is raising the property tax exemption for senior citizens. This issue received a rank of 36 out of 84 priorities. In response to this priority, the Adopted Budget includes a recommendation that the senior citizen homestead exemption be increased from \$60,000 to \$65,000 in calendar year 2003. Specifically, the Council action to authorize the increase was made as part of the adoption of the FY 2003 Budget for implementation by BAD in calendar year 2003. The impact to City property tax revenues will be realized in FY 2004. The estimated loss in FY 2004 revenue from the new exemption totals \$777,000, with the General Fund losing \$476,000 and the Debt Service Fund losing \$301,000.

## ● Changes to Revenues

In order to address the pressure on available funds, the Adopted General Fund Budget includes recommendations to increase some existing fees and create new fees. These recommended revenue items total \$2.14 million.

The Asset Management Department is raising two fees that have not been raised since FY 1998. The two fee changes are projected to generate \$7,250.

- The Public Right-of-Way License Agreement Fee, which is charged for licenses to encroach on public rights-of-way, is currently assessed at \$2,500 per residential encroachment and \$5,000 for each commercial encroachment. The department is combining the fees into a single commercial/residential encroachment license fee at a cost of \$5,000. It is further adopted that the ordinance establishing the new fee allow staff to recommend to City Council a reduction or waiver of an encroachment license fee if the encroachment is beneficial to the public under defined criteria such as development within the inner city.
- The Sale of Land Fee is a non-refundable processing fee for the closure, vacation and abandonment of public right-of-way. Currently, \$250 is charged for unimproved right-of-way closure and \$500 is charged for improved public right-of-way. The department is combining the fees into a single processing fee of \$500 applicable to both types of public right-of-way, since the processing requirements for both types of closures is identical.

The Community Initiatives Department is transferring operation of the Margarita Huantes Learning and Literacy Development Center (LLDC) to the Youth Opportunity (YO) Grant Program. The YO Program will lease the 8,000 square foot facility from the City of San Antonio at a rate of \$1.24 per square foot per month for a total of \$119,040 of added annual revenue to the General Fund.

The Fire Department is raising three fees associated with Emergency Medical Services that will generate an additional \$825,810 in FY 2003.

- The department is converting the current Advanced Life Support (ALS) Transport Fee of \$300 per transport into two fees based upon the level of service provided. The establishment of two different fees will be consistent with recently changed Medicare definitions of reimbursable ALS services:
  - A \$300 minimum per transport fee will be charged for ALS Level 1 services when a patient is transported and provided basic care by a paramedic. Beginning December 1, 2002 the ALS Level 1 service fee will be a minimum of \$350 per transport.
  - A \$400 per transport fee will be charged for ALS Level 2 services when a patient is transported, and provided advanced care requiring the administration of more aggressive and invasive life saving procedures. The rate is effective October 1, 2002 and remains unchanged in December.



- In order to recover the high cost of administering the medication Amiodarone, which is used to assist patients in cardiac arrest, the Fire Department will charge \$170 for each administration of the medication.
- The current Ambulance Service Mileage Fee, which has not been altered since FY 1997, is also increasing from \$4 per mile to \$6 per mile effective October 1, 2002 to help offset the rising operating costs associated with transporting patients. The Adopted Budget further includes increasing this rate from \$6 to \$9 per mile effective December 1, 2002.

The Health Department is increasing the Commercial Swimming Pool License Fee, which has not been changed since FY 1997, from \$130 for the first two pools/\$50 for each additional pool to \$180 for the first two pools/\$50 for each additional pool. This fee increase will generate \$50,860.

The Library Department will increase the fees assessed for library services for persons residing outside of the City and Bexar County. These fees have not been increased in ten years. The annual fee will increase from \$40 to \$60, and the quarterly fee will increase from \$10 to \$20. The fee increase will generate \$7,250.

The Parks & Recreation Department will increase six fees for FY 2003. The fee adjustments will result in a total of \$221,554 in increased revenue in FY 2003. The department is also eliminating the fee charged for use of the City's swimming pools.

- Three of the fee adjustments seek to better recover the cost for maintaining three parks pavilions (Camargo, Rosedale, Eisenhower) by modifying the pavilion permit fees associated with each pavilion based on levels of event attendance as opposed to type of use. These fees have not been changed since FY 1987.
- The Parks Usage Fee, which has not been changed since 1986, attempts to recover a portion of the costs associated with clean-up after organized events in the parks. The current \$25 flat fee per day per event will remain the same for family gatherings. Higher fees and cleanup deposits will be assessed for revenue producing events based on different levels of event attendance.
- New fees are adopted to recover a modest portion of the costs associated with providing recreational supplies for two organized youth-related programs. Specifically, an annual fee of \$5 will be charged each participant in the After School Challenge Program and the Parks Department's organized youth sports program.
- As part of a corresponding reduction in the temporary services expenses associated with the collection of swimming pool fees, sufficient savings will result enabling the Parks Department to make pool usage free to the public.

The Planning Department is changing three of its fees and adding a new fee. The fee adjustments reflect the rising costs of providing planning services in accordance with the new requirements of the revised Unified Development Code. A total of \$15,574 will be generated by the fee adjustments. Existing fees being modified include: Map Reproduction Fee (from \$18 to \$25 per linear foot), Plan Amendment Fee (from \$268 to \$500 per amendment review), and Plan Review Fee (from \$397 to \$500 per plan review). A new fee will also help recover the costs associated with making proposed changes to the City's Master Plan. An applicant requesting a zoning change that is inconsistent with an approved Neighborhood, Community or Perimeter Plan (which are integral parts of the City's Master Plan) must also seek Council approval of a change to any of these plans. The fee is \$450 per adopted Master Plan amendment.

The Police Department will adjust four fees that will generate a total of \$413,194 in additional revenue for the General Fund. Two of the adjustments are the Alarm Permit and Alarm Permit Renewal Fees and the other two fees involve the Growden Road Impound Lot.

- The Alarm Permit Fee is currently assessed at the time of initial permit application and the Alarm Permit Renewal Fee is assessed once every two years thereafter. The Alarm Permit Renewal Fee will now be assessed every year consistent with the practice of most other large Texas cities and as a means of keeping alarm records information more current. The residential Alarm Permit Fee and Renewal Fee remains at \$10 and the commercial Alarm Permit Fee and Renewal Fee remains at \$25.

- In order to help offset costs of operating the Growden Road Impound Lot, the Impounded Vehicle Storage Fee will increase from \$12 a day to \$15 per day, which is the maximum allowed by state law. Additionally, the Notification Fee charged to cover the cost of mailing a legal notification to the owner of an impounded vehicle will increase from \$10 to \$15.

The Public Works Department is increasing five fees and adding one fee that will provide \$124,613 in additional revenue to the General Fund.

- The fee assessed for Demolition of Unsafe Structures will increase. The intent of the fee is to recover expenditures associated with the demolition of structures deemed unsafe by various local governmental entities. Specifically, the fees currently charged by the City will increase from the current range of \$400 - \$900 per hour to \$600 - \$1,100 per hour. The difference in the amount of the fee assessed depends on whether the structure is residential or not and whether the structure contains asbestos or not.
- The Street Barricading Fee will increase from \$45 per block per day to \$75 per block per day to better recover costs associated with closing streets upon request.
- The Fee for Street Lane/Sidewalk Closures will increase from the current \$0.04 per square foot per day of occupied public sidewalk area to \$0.0525 per square foot with a minimum fee of \$20.
- The fee assessed for long-term use of metered and un-metered parking space in the Central Business District will increase from \$7 per parking space per day to \$15.
- The department will establish a new Projects Administrative Fee of 3% of project value that will be assessed against traffic signal capital projects in order to help offset the cost of traffic signal projects administration.

The Development Services Department will increase plumbing inspection fees to generate \$362,620 in General Fund revenues. These revenues will be utilized to offset the costs of adding four Plumbing Inspectors. Gas, Plumbing and Sewer Permit Fees will increase from \$22 to \$34. The Medical Gas Permit Fee will increase from \$20 to \$34.

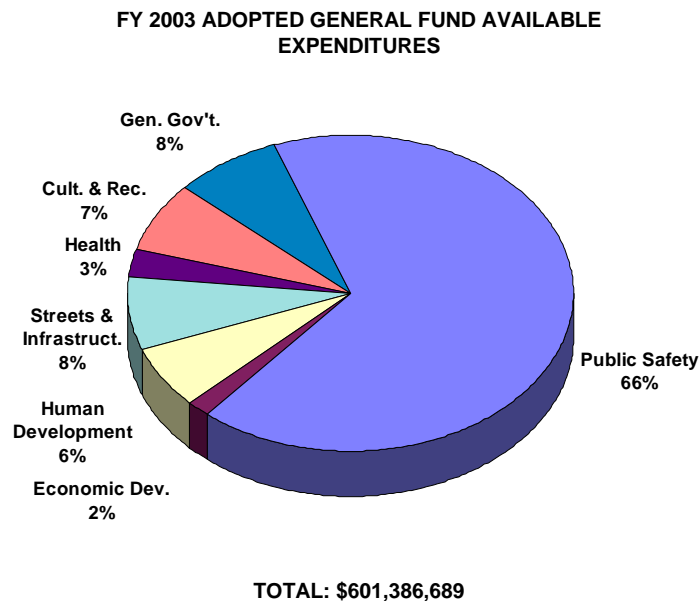
## ● **Fund Balance**

The final element of resources available in the General Fund is the fund balance in excess of the \$23.17 million Reserve for Revenue Loss. The General Fund is estimated to have an unreserved fund balance of \$15.29 million that will be used to augment available resources for FY 2003.

## GENERAL FUND EXPENDITURES

The FY 2003 Adopted General Fund expenditures are **\$601.4 million**. This amount represents **only a 0.2% increase** over the FY 2002 Adopted Budget, representing essentially **a zero growth budget**. This section will discuss current services, adopted changes to service delivery and mandated changes to service delivery. For purposes of presentation, the Emergency Medical Services (EMS) Fund and the Streets Maintenance Fund, which are dependent on the General Fund, will also be discussed in this section.

The pie chart below depicts the seven general areas of service delivery among which the \$601.4 million in General Fund expenditures is adopted for appropriation.



### ● Current Services

The current services budget represents the cost of providing services at the FY 2002 level before mandates or improvements are considered. Current services takes into account the full cost of existing personnel at FY 2002 staffing levels. No increases in civilian employee compensation are assumed in estimating the personnel cost component of the current services budget. The FY 2003 current services budget does, however, reflect significantly increased expenditures over the FY 2002 budget that are needed to accommodate cost increases that have been experienced in Employee Health Insurance and Workers Compensation program expenses.

More information on the rationale for the assessment rate increases for the Employee Health Insurance and Workers Compensation Programs will be provided in detail in the "FY 2003 Other Funds" section of the Executive Summary beginning on page S60. The total added cost impact to the General Fund for the self-insurance fund assessment rate increases is \$5.8 million. Each of the increased assessment rate adjustments is described below.

- The Employee Benefits Fund supports the City's employee health insurance program that provides health insurance for each employee and his or her dependents at no cost to the employee if the employee selects the standard CitiMed program. Employees, if they wish, may supplement the City's

contribution to receive coverage under a Health Maintenance Organization (HMO). The program has experienced dramatically increased costs for medical claims and prescriptions that have placed the Employee Benefits Fund in shortfall situation since the end of FY 2002. Specifically, medical claims costs rose 14.85% and prescription costs rose 36.4% in FY 2001. Furthermore, the volume of medical claims increased by 12.64% in FY 2001. The trend for cost increases is expected to continue with a 15% projected increase in overall medical costs for FY 2003. In response, the Financial Forecast recommended a series of assessment rate increases to be implemented over each of the next five years to minimize the adverse impact on the Employee Benefits Fund balance over the next five years. The percentage increase of the assessment rate included in the Adopted Budget for FY 2003 is 15.6% over FY 2002. The impact to the General Fund is \$4.4 million in additional expenditures in FY 2003.

- The Workers Compensation Program provides compensation to employees injured on the job as well as supports the Employee Safety Program and the Occupational Health Clinic. The same types of increases in medical expenses that have been noted for the Employee Health Insurance Program have adversely impacted the Workers Compensation Fund as well. In order to maintain a Workers Compensation Fund balance adequate to support future claims, departmental assessments in all funds will need to be increased. For FY 2003 the percentage increase of the assessment rate is 19% over FY 2002. The impact to the General Fund is \$1.4 million in additional expenditures in FY 2003.

### ● **City Council Budget Priorities - Changes to Service Delivery Overview**

Overall, the FY 2003 Adopted Budget includes **\$3.68 million for program improvements, \$9.23 million in mandated improvements and \$18.25 million in redirections/reductions and expenditure charge-offs**. Departments reviewed current services and programs, and by using City Council's Budget Priorities, identified service level enhancements and opportunities to reduce expenditures or redirect resources to higher priority areas. The City Manager and the Management Team reviewed the anticipated effect to services and fiscal impact of the proposals.

The City Council's 84 Budget Priorities were used by staff as a guide in the development of the FY 2003 Adopted Budget. The individual Budget Priorities are ranked from 1 to 84 in order of importance. The reductions, redirections, mandates and improvements included in the Adopted Budget are described here in terms of these Priorities and grouped by overall categories of Priorities. The different categories of Priorities as they will be discussed in the Executive Summary are shown below listed in ranked order. Listings of the individual Priorities by individual rank and grouped by category are provided prior to the Executive Summary.

- Existing Infrastructure
- Public Safety
- Economic Development
- Housing and Neighborhood Development
- Human Development
- Environment
- Parks & Libraries
- Charter Review/Governance
- Customer Service
- Organizational/Fiscal
- Non-Strategic Issues

## ● Adopted Reductions and Expenditure Charge-Off's

The Adopted Budget contains **\$16.02 million** in recommended General Fund reductions and charge off of expenses. Net savings realized from redirections will be addressed in the following section titled "Adopted Redirections." Each adopted reduction is discussed below in connection with the corresponding Council Budget Priority and grouped by overall Priority category presented in reverse order of Council ranking, starting with those reductions that have no related individual Budget Priorities. Among the reductions include **the elimination of a total of 308 positions, 62 of which are filled and 246 of which are vacant.** In most cases the workload of the eliminated positions will have to be redistributed among remaining staff members in each affected work unit with a corresponding loss in efficiency and responsiveness. In other cases, as noted below, specific service levels will be significantly reduced or curtailed altogether.

In view of the projected \$42.4 million shortfall, each department was specifically asked to prepare proposals for suggested program reductions equivalent to 5% of each department's FY 2002 Adopted Budget.

The \$16.02 million in adopted reductions and charge-off expenses can be broken down into the following categories:

- Non-Strategic Issue reductions (non-Council Budget Priority) – \$7.65 million
- Service delivery reductions (Council Budget Priority) – \$7.14 million
- Reductions to implement the Span of Control Organizational Study – \$719,760
- Charge off of expenditures to other funds - \$513,960

As part of the above reductions all departments were asked to take across-the-board-reductions for certain expenditures. The total value of these reductions to the General Fund is \$2.08 million. The impact to each department of the across-the-board reductions is described as part of each department's reduction descriptions. The different across-the-board reductions are listed as follows:

- 20% reduction in wireless phone usage
- 50% reduction in travel
- 50% reduction in education
- 50% reduction in membership dues
- 50% reduction in non-After School Program recreational supplies and food supplies
- 50% reduction in software purchases
- 50% reduction in subscriptions
- 50% reduction in expense allowance
- 58% reduction in capital outlay

Additionally, as part of the efforts to address the shortfall, the assessment by the Heavy Equipment and Replacement Fund that builds up funding for regular replacement of individual vehicles (titled "rent of rolling equipment") in the City's fleet will be reduced across-the-board by 42% on a one-time basis for FY 2003. For the General Fund, this reduction generates one-time savings of \$4.2 million in FY 2003 and \$2.1 million in savings for other funds. The Heavy Equipment and Replacement Fund will be able to sustain this reduction only in FY 2003. The fund will continue to be able to meet requirements for scheduled vehicle replacement for next year and in the outyears, although with less of a fund balance for contingencies.

Following the listing of all the adopted General Fund reductions and expenditure charge-offs by corresponding Council Budget Priority, a discussion is presented with respect to the Adopted Budget's addressing of the findings of the Organizational Span of Control Study.

## ◆ NON-STRATEGIC ISSUE REDUCTIONS - \$7.65 million

The Non-Priority category covers reductions for which there are no corresponding Council Budget Priorities.

Asset Management. Three reductions totaling \$207,519.

- \$5,340. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$158,379. Reduce fees to professional contractors. This reduction will be offset with savings in contractual services expenditures carried forward from a prior year.
- \$43,800. Reduce funding for rental for office space that will not be required.

City Attorney. Four reductions totaling \$265,883.

- \$91,739. Eliminate a vacant Deputy City Attorney Position.
- \$91,482. Eliminate a vacant Assistant Attorney IV position.
- \$42,316. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$40,346. Eliminate a vacant Paralegal position.

City Auditor. One reduction totaling \$18,401 to reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.

City Clerk. Four reductions totaling \$63,379.

- \$11,174. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$10,000. Reduce fees to professional contractors expenditures.
- \$28,134. Eliminate one filled Administrative Aide position that supports the Boards and Commissions and ceremonial functions.
- \$14,071. Realize savings through the management of vacant positions.

City Manager. Two reductions totaling \$95,496

- \$40,506. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$54,990. Eliminate one vacant Executive Assistant position.

Code Compliance. Two reductions totaling \$209,446.

- \$194,036. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$15,410. Realize additional savings through the management of vacant positions.

Community Initiatives. Nine reductions totaling \$434,017.

- \$68,375. Reduce fees to professional contractors.
- \$65,949. Eliminate one filled Sr. Administrative Assistant position.
- \$30,698. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$30,945. Reduce temporary services expenditures.
- \$28,136. Eliminate one filled Secretary I position.
- \$20,221. Net reduction from elimination of one vacant Technical System Supervisor. Remaining amount of position's cost (\$18,000) will be redirected to overtime expenditures so that the functions to have been performed by the position will be addressed by other staff.
- \$43,666. Eliminate one filled Caseworker Supervisor position from the Community Action Division.
- \$94,115. Realize additional savings through the management of vacant positions.
- \$51,912. Eliminate one filled Senior Administrative Assistant position in the Elderly and Disabled Services Division.

Customer Service/311. One reduction totaling \$4,600 to reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.

Development Services. Three reductions totaling \$415,327.

- \$294,983. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$35,344. Eliminate one filled Administrative Secretary position.
- \$85,000. Realize additional savings through the management of vacant positions.

Economic Development. One reduction totaling \$21,058 to reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.

Finance. Five reductions totaling \$277,193.

- \$92,431. Keep one Senior Financial Accountant and one Senior Administrative Assistant position vacant.
- \$42,838. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$39,057. Keep one Contract Specialist position vacant.
- \$52,586. Keep one Special Projects Coordinator position vacant.
- \$50,281. Keep one Rate Analyst II position vacant.

Fire. Five reductions totaling \$271,726.

- \$13,850. Reduce temporary services by 50% in the Office of the Chief.
- \$72,845. Eliminate two filled Equipment Technician positions providing vehicle maintenance.
- \$86,509. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$65,630. Eliminate two vacant Personnel Investigator positions that perform background investigations on potential Fire cadets.
- \$32,892. Eliminate one Administrative Aide.

Fire-Emergency Medical Services (EMS). Three reductions totaling \$111,497

- \$52,939. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$31,870. Eliminate one filled Stock Control Crew Leader position providing support to EMS fleet maintenance.
- \$26,688. Eliminate one filled Office Assistant providing support to the Assistant Chief in charge of EMS.

Health. Thirteen reductions totaling \$777,501.

- \$107,037. Close the Animal Care Facility on Sundays and eliminate one filled Animal Care Supervisor, one filled Animal Care Officer and one vacant Kennel Attendant position.
- \$41,266. Eliminate one filled Sanitarian II position.
- \$45,870. Keep Assistant Director for Clinical Services position vacant for six months.
- \$100,000. Realize additional savings through the management of vacant positions.
- \$50,970. Transfer two filled Office Assistant positions to grant program.
- \$67,089. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$56,946. Eliminate one filled Epidemiologist position. Services will be provided under new federal counter bioterrorism grant program.
- \$30,252. Reduce budget for needles and syringes.
- \$94,622. Reduce General Fund transfer to the Public Health Support Fund due to corresponding elimination of two filled positions in the Public Health Support Fund.
- \$67,290. Eliminate two filled Stock Clerk positions.
- \$28,135. Eliminate one filled Administrative Aide position.
- \$28,134. Keep one Administrative Aide position vacant.
- \$59,890. Keep two Laboratory Assistant positions vacant. Services will be provided under new federal counter bioterrorism grant program.

Human Resources. Two reductions totaling \$115,680.

- \$74,913. Eliminate one filled Human Resources Analyst and one filled Office Assistant position.
- \$40,767. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.

International Affairs. One reduction totaling \$7,986 to reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.

Library. Two reductions totaling \$309,058.

- \$53,914. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions to be implemented City-wide.
- \$255,144. Realize additional savings through the management of vacant positions.



Management & Budget. Two reductions totaling \$36,025.

- \$11,690. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$24,335. Keep one vacant Budget & Management Analyst position vacant for six months.

Mayor & Council. Four reductions totaling \$34,363.

- \$3,868. Reduce line item expenditures.
- \$3,800. Reduce the temporary services budget in the Mayor's Office.
- \$19,800. Reduce budgeted funds for Councilmember expense allowance.
- \$6,895. Reduce administrative support temporary services.

Municipal Courts. Six reductions totaling \$547,602

- \$56,889. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$240,000. Reduce payment to Delinquent Parking Fines contractor because of a lower-than-anticipated recovery rate for the collection of delinquent parking fines.
- \$13,708. Reduce payment to Nursing and On-Call Medical Services contractor to reflect savings realized from the reduction in hours worked by contractor in FY 2002.
- \$116,939. Eliminate nine vacant positions associated with the FY 2002 improvement that would have established an Extended Court Hours program in FY 2002.
- \$87,291. Eliminate three Administrative Assistant I positions in the Warrant Operations Section. Change will require the transfer of duties for nighttime warrant verification and cashier service along with three existing positions from the Warrant Section to the Magistrate Section.
- \$32,775. Realize savings through the management of vacant positions.

Neighborhood Action. One reduction totaling \$22,631 to reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.

Non-Departmental/Non-Operating. One reduction totaling \$318,910 to reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.

Non-Departmental Offices. Two reductions totaling \$72,163.

- \$54,990. Eliminate one vacant Senior Management Coordinator position in the Performance Analysis Team.
- \$17,173. Reductions in the Neighborhood Revitalization Office, Downtown Operations Office, Performance Analysis Team, the Council Action Team, Better Jobs Office, Equal Employment Opportunity Office, and the Municipal Integrity Office to reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.

Parks & Recreation. Twenty reductions totaling \$1.054 million.

- \$4,200. Eliminate rental costs for summer recreation program office. The rental cost provides office space for added staff needed to supervise the summer recreation program. These supervisors will be relocated to the Brackenridge Park Office.
- \$182,797. Reduce temporary services expenditures related to the provision of temporary assistants for various recreation programs.
- \$3,102. Reduce temporary services expenditures in the Office of the Parks Director.

- \$169,673. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions to be implemented City-wide.
- \$38,656. Eliminate one filled Contract Specialist position performing monitoring of City leases and licenses.
- \$25,000. Eliminate High School Football Games Fee. This fee represented funding for the annual High School All Stars Game at the Alamodome.
- \$8,000. Eliminate Botanical Garden's promotional advertising program. The Botanical Society is willing to absorb the added costs.
- \$11,000. Eliminate production and distribution of the Fall Activity Guide. Parks will attempt to find commercial sponsors and will continue to advertise events on the department's website.
- \$14,271. Eliminate one filled, part-time Office Assistant position assigned to the copyroom.
- \$3,400. Reduce temporary services funding in the processing of participant injury forms for summer recreation programs.
- \$53,758. Eliminate one vacant Administrative Assistant II in the Director's Office.
- \$9,516. Reduce temporary services expenditures in the Parks Reservations Office.
- \$26,202. Eliminate one filled Equipment Operator I position in the Volunteer Services Division.
- \$35,750. Eliminate one vacant Administrative Assistant II position in the Recreation Services position.
- \$36,273. Eliminate one filled Dispatcher position from the department warehouse.
- \$132,860. Delay staffing of Rainbow Hills Community Center until September 2003 in line with construction completion projections.
- \$248,510. Eliminate 10 positions in Recreation Services – Four Recreation Attendants (one filled, three vacant), two Recreation Specialists (one filled and one vacant), two vacant Senior Recreation Specialists, one vacant Community Center Leader II and one filled Audio/Visual Technician.
- \$18,000. Reduce special events-related temporary services expenditures at Market Square.
- \$26,909. Eliminate one filled Office Assistant.
- \$6,539. Realize savings through the management of vacant positions.

Planning. Two reductions totaling \$35,302

- \$19,302. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$16,000. Realize savings through the management of vacant positions.

Police. Three reductions totaling \$940,182.

- \$435,680. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$457,197. Eliminate fourteen vacant and two filled administrative positions. The positions are three Administrative Assistant I's, five Secretary II's, six Office Assistants, one Administrative Aide, and one Cashier position. The workload of the other positions will be redirected among remaining civilian staff.
- \$47,305. Eliminate line item expenditures associated with the Police Training Academy to include expenses associated with professional speakers.

Public Works. Four reductions totaling \$211,987.

- \$61,516. Charge off portion of costs for One Assistant Director to the Parking Fund, Building Maintenance Fund and capital programs.
- \$65,246. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.
- \$33,662. Eliminate one filled Stock Control Leader position.
- \$51,563. Eliminate two vacant Office Assistant positions.

One-Time Capital Outlay. Reduce one-time General Fund capital outlay Citywide across-the-board by \$757,000 (from \$1.3 million to \$543,000).

Transfers. Eliminate \$30,440 General Fund transfer to the International Center Fund. The International Center Fund is self sufficient and no longer requires added support from the General Fund.

◆ **ORGANIZATIONAL/FISCAL REDUCTION - \$59,229**

**State Legislative Issues (#66)**

External Relations. One reduction totaling \$59,229 to reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.

◆ **CUSTOMER SERVICE REDUCTIONS - \$1.65 Million**

**Performance Reviews (e.g. Capital Improvements Program Management) (#82)**

One-Time Special Projects. Eliminate funding (\$500,000) to conduct performance and organizational reviews by outside consultants. The Capital Improvements Program Management Organizational Review, which had been planned to be conducted by outside consultants, will now be primarily performed by City staff with assistance from consultants on a limited, as-needed basis on specialized aspects of the review using savings remaining from FY 2002.

**Employee Performance Management & Award System (#81)**

Human Resources. Eliminate funding for the annual Employee Service Awards Picnic (\$7,500). This function recognizes those employees with five, ten and 15 years of service to the City.

Non-Departmental/Non-Operating. Reduce the SA Star Award program (\$30,000). This program provides recognition to City employees for exemplary work performance with cash awards and gifts.

**Information Technology/Enterprise Resource Management (#75)**

Finance. Charge Controller position to the Enterprise Resource Management (ERM) System project for a savings of \$93,112. This position currently manages the ERM project on behalf of the City.

Fire. Eliminate one vacant Software Specialist position for a savings of \$58,629.

Health. Eliminate one filled Department System Specialist position for a savings of \$47,973.

Library. Two reductions totaling \$83,411.

- \$11,829. Eliminate one vacant, partially funded Department Systems Aide position.
- \$71,582. Eliminate one vacant Department Systems Manager position.

Management & Budget. Charge 25% of the costs of a Special Project Coordinator position to the ERM project and 25% each to the Workers Compensation and Liability Funds for a savings of \$28,708. The position is dedicated supporting information technology requirements of the Office of Management & Budget.

Non-Departmental/Non-Operating. Postpone second year costs of the City-wide personal computer lease program for a savings to the General Fund of \$300,000. Personal computers acquired under the first

year of the program remain to be installed in FY 2003. The postponement will have little impact on the City's systems.

#### **Competitive Workforce (Rank #74)**

Human Resources. Reduce funding for the Employee Tuition Reimbursement Program by \$25,000 from \$75,000 to \$50,000. It is anticipated that programs available through an agreement with the Alamo Community College District (ACCD) will help offset this reduction.

#### **Community Outreach (#73)**

Customer Service/311 System. Two reductions totaling \$209,000

- Eliminate funding for the annual City Kiosk contract at a savings of \$209,000. Use of the Kiosks has declined due to the development of the City's Community Link Centers and to the growing number of households with Internet access to the City's web pages.
- Eliminate the City Showcase program beginning in FY 2003.

Fire. Three reductions totaling \$264,357.

- \$131,421. Eliminate overtime for the Backdraft Band. This reduction will effectively cease all further City support for the band.
- \$42,261. Eliminate the Safehouse program and save overtime expenses.
- \$90,675. Eliminate one filled Fire Apparatus Operator position in the Public Education Program.

#### **◆ CHARTER REVIEW/GOVERNANCE REDUCTIONS - \$77,858**

##### **Independent Office of Internal Review (#41)**

Internal Review. Two reductions totaling \$77,858.

- \$52,579. Eliminate one vacant Senior Auditor position.
- \$25,279. Reduce individual administrative support line items to include 50% reductions in travel, education, membership dues, software and a 20% reduction in wireless phone expenses consistent with similar reductions implemented City-wide.

#### **◆ PARKS & LIBRARIES REDUCTIONS - \$167,789**

##### **Park Planning (#28)**

Parks & Recreation. Two reductions totaling \$86,451.

- \$40,344. Eliminate one vacant Park Planner II position in the Park Project Services Division.
- \$46,107. Eliminate one vacant Real Estate Specialist position in the Park Project Services Division. Rely more on Public Works Real Estate services.

##### **San Antonio Public Library/Five-Year Strategic Plan (#21)**

Library. Two reductions totaling \$81,338.

- \$42,682. Eliminate four part-time positions, two filled part-time Library Clerks from the Technical Services Division and two part-time Library Assistants (one vacant and one filled) from Bookmobile Operations. The number of bookmobiles in operation will be reduced from two to one and five stops will be eliminated from the current schedule based on usage data.
- \$38,656. Eliminate vacant Librarian I position.

## ◆ HUMAN DEVELOPMENT REDUCTIONS - \$1.01 Million

### Education Partnership (#68)

Community Initiatives. Realign funding for Education Partnership scholarships to better accommodate projected scholarship funding requirements and realize annual savings of \$68,105. Reduction will lower total General Fund FY 2003 contribution amount from \$650,000 to \$581,895 for scholarships provided by the City for the five high schools added in FY 2001 (Burbank, Highlands, Lee, Jefferson, and McCollum). Projected annual scholarship funding requirements for current classes over each of the next five years indicate that an annual City contribution level of \$581,895 will be sufficient.

### Adult Literacy (#65)

Community Initiatives. Eliminate one Literacy Program Coordinator position at the Margaret Huantes Literacy Center, saving \$58,306. The reduction will be offset by establishing the Huantes Center as an additional Youth Opportunity (YO) Grant Program learning site.

### After School Challenge Program (#57)

Parks & Recreation. Three reductions totaling \$108,030.

- \$32,375. Eliminate the After School Programs at Las Palmas, Barkley and Roosevelt Elementary School campuses. These campuses will be permanently closed by their respective school districts in FY 2003.
- \$5,000. Delay the start of the After School Program at middle school sites until after Labor Day. Historically, middle school sites have had a slow start in attendance.
- \$70,655. Delay the start of the After School Program at elementary schools until after Labor Day. This will provide more time for planning and recruitment at the beginning of the school year.

### Family Strengthening/Youth & Elderly (#50)

Community Initiatives. Two reductions totaling \$94,331.

- \$55,342. Reduce budgeted hours for part-time Family Plan Providers to 35 hours per week consistent with City-wide policy concerning part-time positions.
- \$38,989. Eliminate one vacant Caseworker II position in the Youth Services Division.
- \$18,394. Operational savings from transferring Barbara Jordan operating budget to San Antonio Fighting Back.

Health. Four reductions totaling \$68,357.

- \$10,840. Reduce Project WORTH advertising budget. This program promotes teen abstinence and parent communication in addressing teenage pregnancy. The advertising budget for the program will be reduced from \$60,590 to \$49,750.
- \$10,340. Reduce purchase of condoms for clients at the Sexually Transmitted Disease Clinics. The number of condoms distributed for each client will be reduced from 12 to six.
- \$5,800. Transfer contract physician expense at the City Chest Clinic to the Refugee Grant.
- \$41,377. Reduce budget for purchase of vaccines for clients who otherwise do not qualify for the Federal Vaccines for Children program from \$92,000 to \$50,623. Vaccine funding for disadvantaged clients will not be adversely impacted.

Parks & Recreation. Nine reductions totaling \$543,857.

- \$256,446. Reduce the temporary services expenses associated with the collection of swimming pool fees and make pool usage free to the public resulting in a net savings to the General Fund.

- \$98,646. Close one therapeutic Recreation site (Virginia Gill Center) and transfer the function to the Frank Garrett Center. Eliminate one vacant Community Center Supervisor position, one vacant Senior Community Center Leader position and one filled Community Center Leader I position.
- \$37,193. Close the Lincoln Pool. The pool will be closed for renovations in FY 2003.
- \$50,000. Eliminate five summer recreation sites. This reduction will reduce the number of budgeted summer recreation sites from 51 to 46.
- \$29,323. Eliminate one vacant Roving Leader position.
- \$9,516. Reduce hours for temporary services in support of a Youth Athletics Supervisor.
- \$5,235. Eliminate funding budgeted for a youth achievement recognition event.
- \$10,716. Eliminate funding for promotional materials for the City's Mentoring Program.
- \$46,782. Eliminate temporary funding for the Parks Department's Youth Works Program.

#### **Targeted Industry Academies/Job Training (#46)**

Non-Departmental Offices – Better Jobs Office. Eliminate one vacant Senior Management Analyst for a savings of \$52,585.

### **◆ HOUSING & NEIGHBORHOOD PLANNING REDUCTION - \$208,028**

#### **Graffiti Abatement Program (#55)**

Parks & Recreation. Two reductions totaling \$55,443.

- \$25,443. Transfer graffiti abatement from Park Maintenance to Volunteer Services and eliminate one filled Maintenance Worker position.
- \$30,000. Eliminate overtime salaries expense for support from the Police Department's graffiti surveillance operations.

#### **Community Building & Neighborhood Planning (#52)**

Planning. Eliminate funding for the Neighborhood Improvement Challenge Program with a savings of \$100,000. Remaining funds carried forward from prior years will continue to be spent in support of the program into FY 2003

#### **Housing Preservation and Rehabilitation (#48)**

Neighborhood Action. Eliminate one vacant Special Projects Coordinator position assigned to the Housing Resources Division for a savings of \$52,585.

### **◆ ECONOMIC DEVELOPMENT REDUCTIONS - \$477,042**

#### **Small Business Economic Development Advocacy & Incentives (#47)**

Economic Development. Eliminate funding for the General Fund contribution (\$200,000) for the Inner City Loan Program. The funding support is in the process of being replaced with loan funding from private banking institutions.

#### **Cultural Plan/Public Arts (#34)**

Parks & Recreation. Transfer the Murals Program and supporting positions to the Cultural Affairs Office which is supported from the Hotel/Motel Occupancy Tax Fund for a savings to the General Fund of \$75,375.

## **Neighborhood Commercial Revitalization (NCR) (#29)**

Neighborhood Action. Two reductions totaling \$69,945.

- \$9,945. Reduce the General Fund's contribution to the NCR program's marketing budget by \$9,945.
- \$60,000. The City's General Fund contribution for the NCR Midtown on Blanco Revitalization Project is eliminated. This project is anticipated to be funded by the Community Development Block Grant (CDBG) Budget.

## **International Trade/Business (#19)**

International Affairs. Two reductions totaling \$93,722.

- \$48,168. Transfer funding for Southeast Mexico CASA Office to the Hotel/Motel Tax Fund. This office was established to work out of the City's Mexico City CASA Office to promote San Antonio business development in Southeast Mexico.
- \$45,554. Eliminate one vacant International Affairs Specialist position in the Protocol Office.

## **Economic Development Strategic Plan (#11)**

Economic Development. Reduce budgeted funding for travel and support to trade shows and exhibits by \$38,000 from \$60,000 to \$22,000.

## **◆ PUBLIC SAFETY REDUCTIONS - \$2.4 Million**

### **Domestic Violence (#42)**

Police. Eliminate two vacant Caseworker II positions assigned to Crisis Response Team duty at two police substations for a savings of \$71,500. At least one Caseworker II position will remain assigned at each substation.

### **Park Security (#11)**

Parks & Recreation. Three reductions totaling \$143,602.

- \$40,080. Eliminate funding for after-hours contract security at the Botanical Gardens. The security services have already been terminated during FY 2002 due to higher-than-anticipated contract costs. The facilities have fully installed alarm systems.
- \$77,314. Keep two Park Police positions vacant.
- \$26,208. Eliminate one vacant Parks Police Dispatcher position.

### **Code Compliance (#8)**

Code Compliance. Eliminate one vacant Abatement Officer position for a savings of \$38,656

### **Emergency Medical Services (#5)**

Fire. Four reductions totaling \$979,323.

- \$855,554. Replace new full-time EMS unit (12 vacant Fire Apparatus Operator positions) scheduled to be introduced into operation on October 1, 2002 with additional overtime sufficient for a Peak Period EMS unit. Full 24-hour coverage will still be retained. Amount shown represents the net savings from eliminating the EMS unit and adding the Peak Period staffing overtime.

- \$73,304. Realize overtime savings for coverage of EMS districts. Currently, when a Lieutenant commanding an EMS district is absent on a given shift, another Lieutenant fills in on an overtime basis for the full 24-hour shift. The proposal is to reduce the overtime shift to 18 hours. The 18 hour shift will be scheduled during more operationally demanding hours.
- \$5,539. Realize overtime savings by paying high classification pay to a Lieutenant to command a city-wide EMS shift instead of paying overtime for a replacement Captain. Currently, when the city-wide EMS shift commanding Captain is absent, another Captain is brought in on overtime.
- \$44,926. Realize overtime savings by providing more required training units for paramedic refresher training during on-duty hours.

#### **Fire Services/Fire Master Plan (#4)**

Fire. Five reductions totaling \$725,396.

- \$243,350. Realize overtime savings by providing more required training units of emergency medical technician training during on-duty hours.
- \$140,625. Reclassify three Captain positions to Firefighters. The positions have no assignment and have been used as floating positions to cover absences.
- \$123,073. Reduce fire suppression overtime. Department will manage overtime expenditures more efficiently.
- \$158,692. Eliminate two filled Lieutenant positions. The positions have no assignment and have been used as floating positions to cover absences.
- \$59,656. Eliminate one vacant Special Projects Coordinator position assigned to the department's Safety program.

#### **Police Services/Police Staffing Plan (#2)**

Police. Seven reductions totaling \$436,771.

- \$30,568. Eliminate one vacant Senior Police Service Agent in the Support Services Division.
- \$95,613. Eliminate three vacant Police Communication Operator positions.
- \$44,011. Eliminate one vacant Management Analyst in the Financial Crimes unit.
- \$53,369. Eliminate one filled Program Manager from the Accreditation Office
- \$138,115. Eliminate five filled Police Service Agent positions assigned to Police substations whose primary duty is the sale of police reports to the public
- \$37,770. Eliminate 30 vacant School Crossing Guard positions.
- \$37,325. Eliminate one vacant Senior Crime Analyst position.

#### **◆ EXISTING INFRASTRUCTURE REDUCTIONS - \$1.60 Million**

#### **Downtown Development/Downtown Housing/Incentive Toolkit/CRAG Incentives/Mixed Income and Affordable Housing/Balanced Growth & Master Plan Policies (#24)**

Parks & Recreation. Eliminate contract maintenance services of planters that exist outside of the boundaries of the Downtown Public Improvements District along Houston Street for a savings of \$11,595.

#### **Maintenance of Existing Infrastructure (#1)**

Public Works. Eleven reductions totaling \$813,696. Of this amount, \$325,060 represent expenditure charge-off's and \$488,636 represent service level reductions.

- \$45,657. Charge off costs for one Engineering Technician to the Capital Improvements Program.
- \$68,518. Charge off costs for two Engineering Technicians to the Right-of-Way Program Fund.
- \$80,900. Charge off costs for one Geographic Information System (GIS) Manager to the following funds in the indicated proportions: Stormwater (50%), Right-of-Way Management (25%), Capital Improvement Program (20%), and Parking (5%).



- \$129,985. Charge off 50% of the costs of a Survey Crew to the Capital Improvement Program and 50% to the Stormwater Operating Fund. The crew will be responsible for surveys associated with both stormwater and capital improvement projects.
- \$184,209. Eliminate five vacant Construction Inspector I positions, one vacant Engineering Technician, and one vacant Secretary position from the Capital Programs and Engineering Divisions. This reduction will leave 45 Construction Inspector positions remaining. The added workload will be largely offset with a corresponding technology improvement to acquire wireless devices (personal digital assistants, radios, automatic vehicle location devices) to be used for more effective on-site reporting and dissemination of information. The amount is net of the \$66,000 technology improvement.
- \$70,602. Eliminate one vacant Sign Shop Supervisor position, reduce material funding for sign supports and remove unwarranted traffic signals. Signalized intersections not meeting the warrants established by state regulations will be evaluated by Traffic Engineering for removal.
- \$56,687. Eliminate two filled Crew Leader positions in Street Maintenance Division.
- \$44,441. Reduce annual striping of crosswalks by 50% and eliminate one vacant Markings Technician position.
- \$17,222. Reduce the relamping of signalized intersections from annually to every other year to be consistent with the practice of most cities.
- \$54,991. Eliminate one vacant Architect position.
- \$60,484. Reduce detector loop replacements & eliminate one vacant maintenance worker position. Detector loops are in-pavement devices that detect a vehicle's presence and allow the traffic signal to adjust to the volume of traffic. With this reduction, intersections with detector loops will become fixed-time programmed once the detector loops become inoperable through wear. Of the 1,078 traffic signals, 536 have detector loops.

Parks & Recreation. Ten reductions totaling \$742,184. Of this amount, \$74,082 representing expenditure charge-off's and \$668,102 representing service level reductions.

- \$23,196. Charge off 33% of personnel costs related to a Nature Preserve Coordinator position to the Proposition 3 – Parks Development and Expansion Fund. The position is dedicated one-third of the time to Edwards Aquifer parkland issues.
- \$50,886. Charge off the costs associated with two filled Maintenance Worker positions to the Recreation Athletic Fund. The positions perform maintenance at the Fischer and Kennedy softball complexes. Revenues earned from those facilities will support the positions.
- \$25,443. Eliminate one filled Gardner position from Horticultural Services delaying timely maintenance in the horticultural program.
- \$325,826. Eliminate 11 positions (nine vacant and two filled) in Park Operations. The positions include: two Equipment Operator I positions (one filled and one vacant), one vacant Senior Equipment Operator, one vacant Pump Mechanic Supervisor, one vacant Carpenter Supervisor, once vacant HVAC Technician I, one vacant Carpenter I, once vacant Tire Repairer, one vacant Fleet Maintenance Technician I, one vacant Tree Maintenance Worker and one filled Administrative Assistant I position. The elimination of these positions will impact trash removal from parks, mowing frequency at the Old City Cemeteries, tree maintenance, recreation center building maintenance and repairs associated with Parks Operations. Timely scheduling of work requests will also be impacted.
- \$25,444. Eliminate one filled Maintenance Worker position at La Villita.
- \$40,352. Eliminate one filled Building Maintenance Supervisor position at Market Square. The Parks Operation Division will oversee maintenance at Market Square.
- \$127,215. Eliminate five vacant Maintenance Worker positions from mowing and trimming crews. The elimination of these positions will require the increase in the separation of trimming operations from corresponding mowing operations from 24 hours to 72 hours.
- \$50,886. Eliminate two filled Gardner I positions within Horticultural Services that maintain the Japanese Tea Gardens. These responsibilities will be assumed by the Botanical Garden staff.
- \$42,368. Change working schedule for Horticultural Services and Park Maintenance skilled trade staff from five days per week/eight hours per day to four days per week/ten hours per day. Savings come from less overtime needed and less fuel expenses incurred.

- \$30,568. Eliminate one vacant Maintenance Crew Leader position that supervises community service workers providing playground maintenance. City-wide playground maintenance will be consolidated, leaving one remaining Maintenance Crew Leader to supervise community service personnel in this activity.

Fire. Eliminate one vacant Building Maintenance Officer for a savings of \$37,127. Proactive maintenance of Fire Department facilities will be adversely impacted. Remaining Building Maintenance staff will be primarily reactive.

#### ◆ ORGANIZATIONAL SPAN OF CONTROL STUDY

In February 2002, the City Council approved the selection of an independent project team lead by the consulting firm of MAXIMUS, Inc. to conduct a span of control review of the City's organizational structure. The purpose of the review was to improve existing organizational structures, processes and service by maximizing staffing efficiencies and cost savings. The review focused on two interrelated issues – span of control and layers of management. Span of control is defined as the number of subordinate staff directly reporting to one manager or supervisor. Layers of management are the number of layers between the chief executive and the line staff employees at the service delivery level of the organization. Well-balanced span of control ratios and minimum management layers generally allow for:

- Faster, more customer-oriented decision-making
- Greater employee satisfaction and motivation
- More opportunities for employee skill development
- Greater management focus on planning and goals
- Less duplication of tasks, roles and responsibilities
- Clearer communication between top and bottom layers

Optimal span of control ratios may vary among various levels and functions within a department depending on the complexity of tasks being undertaken by subordinate personnel. All things being equal, a higher span of control ratio is more desirable than a lower ratio.

A Council-appointed Ad Hoc Committee was utilized throughout the review to participate in consultant selection, assist in the workplan development and to review and comment on each phase of the study. In addition, an Internal Committee comprised of City staff from different levels of the organization was utilized to provide information and feedback to the consultant. Progress update presentations and worksessions were held with both committees following each phase.

The review team utilized the information from the City to identify 15 City departments for inclusion in the study. The departments included in the study are:

- Code Compliance
- Community Initiatives
- Convention Facilities
- Development Services
- Economic Development
- Finance
- Health
- Human Resources
- Information Technology Services
- Municipal Courts
- Neighborhood Action
- Parks & Recreation
- Planning
- Public Works
- Purchasing

The Consultant team utilized the following criteria to evaluate the organizational structure and management staffing levels of each department and to develop recommendations:

- Complexity of work performed – does the function involve many steps, have many decision points, require a large amount of personal discretion in decision making?
- Degree of similarity of work performed – does the function perform just one activity, or does it carry out many different and related functions?
- Clarity of organizational objectives – is the mission of the function clearly defined?
- Degree of organizational risk – related to how much risk the City incurs if an activity is not performed or is performed poorly. Risk might involve financial or operational issues.
- Degree of public scrutiny – concerned with the degree to which public attention is routinely paid to a given activity.
- Roles of management and supervisory staff – relates to whether the supervisor is fully devoted to overseeing the primary activities of the function or if he/she has been assigned other duties.
- Degree of internal and external coordination required
- Degree of centralization versus decentralization – the physical dispersal of a section impacts the management and supervisory requirement.

The consultant concluded that the City's current organization structure provides a high level of accountability for services. To address demands for different types of services, the organization has many departments and managers controlling different operations. Nevertheless, most departments generally have effectively organized functions and appropriate numbers of management/supervisory staff. However, the consultant identified opportunities to improve upon the organizational structure and spans of control in the departments studied. The final recommendations, adopted by the consultant team, include a net reduction of 49 management positions for a total estimated organization-wide savings of \$2.7 million.

The City staff reviewed the consultant's recommendations in great detail as part of the FY 2003 Budget process with the benefit of input from each of the effected departments. As a result of the review, staff identified information concerning aspects of the City organization impacting the study's conclusions that the consultant had not taken into consideration. With this knowledge in mind, the Adopted Budget includes recommendations that address and implement many of the consultant's recommendations. Specifically, the FY 2003 Adopted Budget addresses the study by including recommendations that generate a combined \$827,221 in net savings - \$719,760 in the General Fund and \$107,461 in the Parking Fund. A total of 15 positions are being eliminated to address the consultant's recommendations. The specific recommendations of the Adopted Budget in response to the Span of Control Study are given below:

- Code Compliance - \$52,223 (General Fund)
  - Eliminate one vacant Neighborhood Services Coordinator position - accomplished through General Fund reduction - and redirect an available CDBG position toward supervisory tasks - \$52,223.
- Community Initiatives - \$94,878 (General Fund)
  - Eliminate one filled Assistant Multi-Service Center Supervisor position located at the Barbara Jordan Center - \$42,231
  - Eliminate one filled Assistant Manager position in the Elderly and Disabled Division - \$52,447
  - Add one Caseworker Supervisor position and equalize Span of Control for YO case management – accomplished through redirection of an existing position funded through the YO grant.
- Economic Development - \$129,277 (General Fund)
  - Eliminate two vacant Economic Development Manager positions - \$129,277
- Finance - \$50,817 (General Fund)
  - Eliminate one vacant Revenue Accounting Supervisor position - \$50,817
- Health - \$46,945 (General Fund)
  - Eliminate one filled Senior Sanitarian position - \$46,945
- Parks and Recreation - \$266,504 (General Fund)
  - Eliminate one filled Youth Initiatives Manager position - \$84,344

- Eliminate one filled Market Square Superintendent position - \$94,669
- Eliminate one filled Special Programs Supervisor position - \$35,674
- Eliminate one filled Nature Preserve Coordinator position - \$51,817
- Public Works - \$186,577
  - Eliminate one filled Carpentry Supervisor position and one filled Street Maintenance Supervisor position in the Street Maintenance Division - \$79,116 (Streets Maintenance Fund)
  - Eliminate one vacant Assistant Manager position and one filled Customer Service Superintendent position in the Parking Division - \$107,461 (Parking Fund)
  - Transfer the Building Maintenance and Security functions from the Parking Division to the Building Maintenance Division – no cost impact (Parking Fund and Building Maintenance Fund)
  - Transfer oversight of the Pavement Management System from the Streets Division to the Engineering Division – no cost impact (General Fund)

A detailed presentation of the consultant's recommendations including the comments of the Ad Hoc Committee was made as part of the City Council budget worksessions.

## ● **Adopted Redirections**

The Adopted Budget contains five recommended redirections involving the reallocation of existing resources to higher Council Priority programs which when combined will generate \$768,826 in savings to the General Fund in FY 2003. Each of the redirections is described below by overall Budget Priority category and Strategic Issue:

### ◆ **EXISTING INFRASTRUCTURE REDIRECTION**

#### **Maintenance of Existing Infrastructure (#1)**

Public Works. Establish a Pavement Reclamation & Reconstruction Program for a net savings of \$1.2 million. Reduce \$2.98 million in currently budgeted Contractual Street Maintenance funds that provide resources sufficient for contractual maintenance of 30 additional center-line miles. The adopted reduction is in tandem with an adopted improvement of \$1.77 million for manpower and equipment to provide maintenance for 30 additional center-line miles with City crews. Specifically, one additional Street Maintenance Crew will be added to include two Street Maintenance Supervisor positions, 15 Senior Equipment Operator positions, six Equipment Operator II positions, two Equipment Operator I positions, two Maintenance Worker positions, two Concrete Finisher positions and one Accountant II position. The improvement also includes the purchase equipment for on-site reclamation of old asphalt and the repaving of streets undergoing maintenance with reclaimed materials.

### ◆ **PUBLIC SAFETY REDIRECTION**

#### **Police Services/Police Staffing Plan (#2)**

Police. The FY 2003 Adopted Budget redirects a total of 38 sworn officer positions into high priority tasks consistent with the Police Staffing Plan. The goal of the plan is to maintain a Patrol Availability Factor (PAF) of 40% and above. The Police Rolling Staffing Plan presented in FY 2001 recommended the addition of 265 sworn positions and 20 civilian positions over five years. In FY 2002, 24 sworn positions were added. Additionally in FY 2002, 61 Police Officer positions were redirected to patrol units from other programs and ten civilian positions were added to provide support to Police operations.

For FY 2003, the Staffing Plan recommended the addition of 43 sworn positions at an estimated added cost of \$4 million. The Staffing Plan recommends that the Police Department maintain a PAF of 40%, which can instead be accomplished through a redirection of existing sworn positions rather than the addition of new sworn positions. This redirection is in recognition of the goal of the Staffing Plan and the

fiscal challenges before the City in FY 2003. Specifically, the Police Department recommends the redirection of 36 existing positions. Of the 36 redirected positions, 17 will be redirected to patrol. The remaining 19 positions will be allocated as recommended in the Rolling Staffing Plan to the following units: four to Traffic, two to DWI, three to Homicide, two to Vice, two to Night Detectives, two to Sex Crimes, two to Property Crimes, one to Repeat Offenders Program and one to the Report Review/UCR Detail. The table below indicates the units from which the 38 positions will be redirected and the units to which the positions will be reassigned.

### Adopted Police FY 2003 Redirections

<u>Current Unit</u>	<u>Rank</u>	<u>No. of Psns.</u>	<u>Redirect Unit</u>
Professional Standards-Officer Concerns Program	Sergeant	1	Repeat Offenders Pgm.
Staff Inspection/Accreditation	Sergeant	1	UCR Detail
Youth Services	Det./Inv.	3	Homicide
	Det./Inv.	2	Vice
	Det./Inv.	2	Night Detectives
	Det./Inv.	2	Sex Crimes
Surveillance Detail	Officer	1	Patrol-Northwest
Vice	Officer	1	Traffic
Financial Crimes	Officer	1	Traffic
Narcotics	Officer	2	DWI Enforcement
ROP	Officer	1	Traffic
SAFFE	Officer	6	Patrol-1 ea. Sub
School Safety	Officer	2	Patrol-South
		2	Patrol-Northwest
		1	Traffic
Volunteers in Policing/Cellular on Patrol	Officer	1	Patrol-Northwest
Fleet Management	Det./Inv.	2	Property Crimes
	Officer	1	Patrol - Central
Crisis Negotiation	Officer	4	Patrol - Central
<b>Total</b>		<b>36</b>	

<u>Police Staffing Plan Recommendations</u>		<u>Filled by FY 2003 Redirects</u>	
ROP	Sergeant	1	1
Report Review/UCR Detail	Sergeant	1	1
Homicide	Det./Inv.	3	3
Vice	Det./Inv.	2	2
Night Detectives	Det./Inv.	2	2
Sex Crimes	Det./Inv.	2	2
Patrol	Officer	19	17
Traffic	Officer	4	4
DWI	Officer	2	2
Property Crimes	Det./Inv.	6	2
Integrity Unit	Det./Inv.	1	0
<b>Totals</b>		<b>43</b>	<b>36</b>

Summary by Rank	Sergeant	2	2
	Det./Inv.	16	11
	Officer	25	23
<b>Totals</b>		<b>43</b>	<b>36</b>

To ensure adequate coverage of duties in certain units from which sworn positions are being transferred, the Adopted Budget adds the following positions at a total added cost of \$57,360:

- \$15,337. Add one Senior Police Services Agent to provide support to the Financial Crimes Unit to help offset the loss of a redirected Police Officer position that will be assigned to the Traffic Division.
- \$42,023. Add three Senior Police Service Agents to provide support to the Fleet Management Division to help offset the loss of three redirected Police Officer positions (two to be assigned to Property Crimes and one to Patrol).

#### ◆ HOUSING & NEIGHBORHOOD PLANNING REDIRECTION

##### **Neighborhood Improvement District (Street Reconstruction) (#12)**

Neighborhood Revitalization. To help mobilize resources to make needed improvements in targeted neighborhoods the City has utilized tax increment financing as one method. Experience in the use of this method has highlighted the need for other methods and incentives to better address the infrastructure requirements of already established neighborhoods. Other financing mechanisms currently being evaluated include the use of special taxing districts or Neighborhood Empowerment Zones to create Neighborhood Improvement Districts. These mechanisms could be used to make public improvements to such aspects of infrastructure as streets and drainage. To develop policies and criteria for an incentive program involving four Neighborhood Improvement Districts, an existing CDBG-funded position will be dedicated to the task in the Neighborhood Revitalization Office (Community Development Coordinator).

#### ◆ ECONOMIC DEVELOPMENT REDIRECTION

##### **Brooks City-Base/Brooks Development Authority (#33)**

Brooks City-Base. One redirection of \$129,777 in existing resources and five improvements totaling \$620,000.

- Redirect two vacant Economic Development Manager positions from the Economic Development Department for a savings of \$129,277. Reallocate the two positions to the Brooks City-Base Office and increase the General Fund transfer to the Brooks City-Base Fund by \$129,277 to support the two positions. These positions will increase the personnel complement of the Brooks City-Base from three to five.
- \$620,000 in five improvements.
  - \$100,000. Add resources to retain outside legal counsel augmented by legal assistance from the City Attorney's Office.
  - \$200,000. Add resources to provide funding for professional marketing services.
  - \$60,000. Provide funds to acquire property insurance for housing and other facilities not occupied by the Air Force at the Brooks City-Base Research and Technology Center.
  - \$60,000. Provide funds to make a 20% grant match for the development of a business plan for the Brooks City-Base Research and Technology Center. The Brooks City-Base Office will seek to secure a grant during the upcoming fiscal year.
  - \$200,000. Provide funds for the provision of security for the City-Base.

## ◆ HUMAN DEVELOPMENT REDIRECTION

### **Targeted Industry Academies/Job Training (#46) Family Strengthening/Youth & Elderly (#50)**

Special Projects. The General Fund's contribution to delegate agencies is reduced by \$1.25 million with the contribution to Project Quest being reduced by \$1.06 million (from \$3.0 million to \$1.95 million). \$500,000 of those resources will be redirected to augment the City Council's District Human Development Funds. In FY 2002 each Council District had \$70,000 in resources available to support human development programs such as senior services, training academies (e.g. Alamo Area Aerospace Academy), childcare programs, youth services programs, scholarship programs and job training programs. With this redirection, each Council District will have a total of \$120,000 each available to support these types of programs under the City's established policy for use of the funds. The remaining \$455,400 will be redirected to purchase library resources and for operating costs associated with the Reagan High School Library contract.

### **After School Challenge Program/Summer Challenge Program and Assessment (#57)**

Parks & Recreation. The After School Program at Kennedy High School will be eliminated, the ratio at seventeen After School Alliance sites will be increased from 15:1 to 25:1 and temporary service budget for the Cultural Arts Summer Activities will be reduced, generating a combined savings of \$305,240. These funds will be redirected to the Summer Recreation Program to enhance the program at community centers and school sites, to include hands-on science, the arts, and summer reading programs based on a changing weekly theme. The program will also become self-monitored through the Texas Department of Protective and Regulatory Services guidelines, lowering the student to staff ratios from 35:1 to 25:1. Age appropriate groups will be provided for youth 6-14 years of age at community centers and school sites. Finally, there will be Teen Centers established for youth 15-19 years of age at 20 sites around town.

## ◆ CHARTER REVIEW/GOVERNANCE REDIRECTION

City Clerk. This redirection will transfer one Administrative Assistant II position from Non-Departmental – Performance Analysis Team to the City Clerk's Office to support City Charter review efforts.

## ◆ NON-STRATEGIC ISSUE REDIRECTION

Health. The redirection will eliminate one vacant Public Health Physician in the Medical Services Division generating a gross savings of \$77,739. One Nurse Practitioner position will be added to replace the deleted position at a cost of \$43,846. The redirection will allow the delivery of medical services under the supervision of an off-site physician. The net savings from the redirection equals \$33,893.

## ● **Mandated Improvements to Service Delivery**

The Adopted Budget contains **\$9.2 million** in mandated improvements. Mandates are defined as programs which the City must support as required by federal, state, or local law; required by contractual obligation; or required to support operation and maintenance costs for completed capital improvement projects. The mandates are described below and categorized by the Council's Budget Priorities.

### ◆ **EXISTING INFRASTRUCTURE MANDATES - \$1.3 million**

#### **Maintenance of Existing Infrastructure (#1)**

Parks and Recreation. Twelve mandates totaling \$1,296,639

- \$235,753. The acquisition and subsequent development to newly acquired parks & recreation facilities and improvements of existing facilities has necessitated the need for additional sanitation staff. Included in this mandate is the addition of six Maintenance Workers.
- \$184,473. This mandate provides for one Electrician to maintain the efficiency and effectiveness of the electrical maintenance program in new park land and facilities, and improvements to existing facilities including basketball courts, trail lighting, park toilets, pavilions, picnic facilities, playgrounds, sports fields and tennis courts.
- \$75,365. This mandate provides for one Carpenter II to maintain the efficiency and effectiveness of the carpentry maintenance program in new park land and facilities, and improvements to existing facilities including basketball courts, trail lighting, park toilets, pavilions, picnic facilities, playgrounds, sports fields and tennis courts.
- \$78,573. This mandate provides for one Plumber I to efficiently and effectively maintain the plumbing program in new park land and facilities, and improvements to existing facilities including basketball courts, trail lighting, park toilets, pavilions, picnic facilities, playgrounds, sports fields and tennis courts.
- \$53,161. This mandate adds two Administrative Aide positions to Parks Operations to assist in the maintenance of recently acquired parkland.
- \$107,258. This mandate adds two Gardener I positions and one Plumbers Helper to maintain improvements within Brackenridge Park. Park improvements, including landscape and erosion control, river band and wilderness area restoration, a playground, new paths, and extensive irrigation are scheduled for completion in August 2002.
- \$41,757. This mandate provides for enhanced maintenance of Edwards Aquifer Parklands acquired through Proposition 3 and adds one Geographic Information Systems Analyst for providing detailed maps of the area for maintenance crews.
- \$110,000. The Texas Department of Health adopted a new set of standards for public swimming pools and spas. Twenty-one of the 23 City pools are not in compliance with this new standard. This mandate represents the cost for making the necessary improvements.
- \$101,855. This adopted mandate adds two Maintenance Workers and one Maintenance Crew Leader to operate and maintain new and expanded park facilities and structures constructed utilizing funds from the approved 1999 Parks Bond Proposal.
- \$22,240. This mandate adds one Community Center Leader II for the Bode Community Center due to the facility expansion of a new gymnasium that will be complete in FY 2002. This position will be responsible for planning and organizing all programs at the Center.
- \$79,401. This mandate adds one Maintenance Worker and one Equipment Operator I for Leon Creek Parkland acquired through Proposition 3. The mandate addresses the maintenance and possible renovation of existing trails and the development of additional trails all within the floodplain.
- \$206,803. This mandate adds one Electrician and one Electrician Helper to operate and maintain park related improvements associated with the San Antonio River.



## ◆ PUBLIC SAFETY MANDATES - \$7.05 million

### Police Services/Police Staffing Plan (#2)

Police. Eleven mandates totaling \$1,913,077.

- \$468,440. This mandate represents the contractually required increases in pay as police officers increase their years of service.
- \$76,500. This mandate reflects the incremental increase in the payment amounts due to the Bexar County Medical Examiner's Lab for forensic science services, as agreed upon in the existing interlocal agreement.
- \$40,533. This mandate reflects the incremental increase in the payment amounts due to the Bexar County Medical Examiner's Lab for toxicology lab analysis, as agreed upon in the existing interlocal agreement.
- \$140,000. This mandate represents the added required costs for the maintenance and repair of Police helicopter engines. The FAA requirement for all helicopters to remain in a flight worthiness status mandates that the engines receive overhauls at 1,750 operational hours and 3,500 operational hours.
- \$110,700. This mandate provides for the added operating expenditures associated with police equipment (10 police vehicles, 10 administrative vehicles) purchased with FY 2000 Local Law Enforcement Block Grant Match (LLEBG) funds.
- \$158,310. This mandate provides for the added operating expenditures associated with police equipment (9 police vehicles) purchased with FY 2001 Local Law Enforcement Block Grant Match (LLEBG) funds.
- \$307,520. This mandate reflects the costs to operate and maintain 200 additional Field Entry Reporting Systems (FERS) units being installed in FY 2003. These units are part of the overall Public Safety Integrated Technology System (PSITS) that will provide a comprehensive information management system to increase police officer and detective effectiveness while enhancing customer service. Acquisition of this system is supported with funds authorized by the 1999 General Obligation Bond Program. The FERS units will enable officers to enter reports from the field via wireless modem. Other PSITS components will provide for more efficient filing and retrieval of field-generated data. After 200 more are installed in FY 2003, 200 remain to be acquired and installed, bringing the total of FERS units deployed to 800.
- \$25,000. This mandate provides for the incremental operational and maintenance costs associated with the renovation and expansion of police substations. The improvements to the substations were supported with funds authorized by the 1999 General Obligation Bond Election.
- \$209,575. This mandate provides for grant matches for the 10 additional police officer positions created with the assistance of the FY 2000 Federal Universal Hiring Program Grant.
- \$249,225. This mandate provides for grant matches for the 10 additional police officer positions created with the assistance of the FY 2001 Federal Universal Hiring Program Grant.
- \$127,274. This mandate reflects the City's match requirement to receive state funds which will support the department's DWI enforcement program. The program is designed to increase DWI enforcement through overtime efforts of Traffic Officers.

### Fire Services/Fire Master Plan (#4)

Fire. Five mandates totaling \$4,113,339.

- \$3,144,668. This mandate reflects the incremental added costs of the collective bargaining agreement recently approved with the International Association of Fire Fighters. Specifically, the resources provide for a contractually required 3% pay increase, the addition of a new step for the firefighter rank, the addition of a new step for the Fire Apparatus Officer rank, and increases to the education incentive pay.
- \$564,984. Add nine positions to staff a service truck at Station #46 as part of the 1997 Annexation of Stone Oak. This mandate will enable service truck personnel at Fire Station #46 to engage in firefighting tasks as soon as they arrive at a fire scene without having to wait on the arrival of a ladder

truck.

- \$22,200. This mandate reflects the anticipated cost of providing contractually required monthly incentive pay to Certified Emergency Medical Technicians (EMT). EMT Certification Pay varies depending on years of service and number of newly certified EMT's.
- \$141,000. This mandate reflects the added costs for the increasing number of firefighters who will be eligible to receive education incentive pay according to the new fire contract.
- \$240,487. This mandate reflects the contractually required increases in pay as firefighters increase their years of experience.

#### **Emergency Medical Services (#5)**

Fire/EMS. Four mandates totaling \$1,002,386.

- \$904,045. This mandate reflects the incremental added costs of the collective bargaining agreement recently approved with the International Association of Fire Fighters. Specifically, the resources provide for a contractually required 3% pay increase, the addition of a new step for the firefighter rank, the addition of a new step for the Fire Apparatus Officer rank, and increases to the education incentive pay.
- \$15,600. This mandate reflects the added costs for paramedics to receive increasing amounts of incentive pay as they increase their years of service.
- \$6,600. This mandate reflects the added costs for the increasing number of paramedics who will be eligible to receive education incentive pay according to the new fire contract.
- \$76,141. This mandate reflects the contractually required increases in pay as EMS personnel increase their years of experience.

#### **Police and Fire Collective Bargaining Agreements (#15)**

City Attorney. This mandate reflects the increased cost (\$20,000) associated with the contracting of outside legal counsel to assist in the labor negotiations with the San Antonio Police Officer's Association.

### **◆ ECONOMIC DEVELOPMENT MANDATES- \$206,306**

#### **Brooks City-Base/BDA (#33)**

Non-Departmental/Non-Operating. CPS has estimated the cost of capital renewals and upgrades to the electric and gas system at Brooks to be \$16 million over the next 20 years. This mandate represents the City's annual payment to assist the Brooks Development Authority (\$15,000) with its share of capital renewals and upgrades for the electric and gas systems at Brooks. The annual payment is made pursuant to the agreement between the City and the Brooks Development Authority.

#### **Small Business Economic Development Advocacy & Incentives (#47)**

Non-Departmental/Non-Operating. This mandate represents the annual payment of \$191,306 required for refund of property taxes already collected in association with the Oberthur Gaming Technologies tax abatement.

### **◆ ENVIRONMENT MANDATES- \$12,369**

#### **Solid Waste Management (#76)**

Public Works – Streets Maintenance. This mandate reflects the added costs (\$12,369) of disposing of waste materials generated by street maintenance operations under terms of City's solid waste disposal contract.

◆ **PARKS AND LIBRARIES MANDATES- \$69,183**

**San Antonio Public Library/Five-Year Strategic Plan (#21)**

Library. This mandate reflects the recurring and one-time costs (\$69,183) for equipping and staffing the Brook Hollow Branch Library. The expansion of the Brook Hollow Library branch is made possible with proceeds from the 1999 Bond Program and is scheduled for completion in May, 2003.

◆ **CHARTER REVIEW/GOVERNANCE MANDATES- \$30,000**

**Council Redistricting (#79)**

City Attorney. This mandate reflects the cost (\$30,000) associated with the contracting for outside consultation regarding City Council redistricting.

◆ **CUSTOMER SERVICE - \$370,000**

**Information Technology/Enterprise Resource Management System (#75)**

General Fund Transfers. This mandate will transfer funds to the Information Technology Services Fund for hardware and maintenance costs (\$370,000) associated with the Enterprise Resource Management System project.

◆ **NON-STRATEGIC ISSUE MANDATE - \$200,000**

The Non-Priority category covers mandates for which there are no corresponding Council Budget priorities.

Finance. This mandate reflects the added costs (\$200,000) of implementing new accounting requirements for government funds established by the Governmental Accounting Standards Board (GASB). Costs include the City procuring the services of a private consultant to assist in the planning and implementation of retroactive reporting requirements and will include inventory and valuation services of infrastructure assets.

● **Adopted Improvements to Service Delivery**

The Adopted Budget includes **\$1.87 million** in improvements to service delivery for FY 2003. This amount is categorized in the following pages as \$447,798 of improvements for annexation areas and \$1.43 million of other Council priority improvements.

◆ **ADOPTED SERVICE IMPROVEMENTS FOR ANNEXATION AREAS**

The FY 2003 Adopted Budget includes \$447,798 in improvements to provide services to areas that are proposed to be annexed this year. The areas proposed to be annexed in December, 2002 are: Galm Road/Loop 1604, Government Canyon, Sheldon Tract, Stanton Run, Helotes Park Terrace, Kyle Seale/1604, Thrift Tract, Cielo Vista, Stage Run, Lumberman Tract and the Southside Initiative area. These areas are described more specifically as follows:

➤ **Government Canyon/Galm Road**

- The Galm Road/Loop 1604 Area contains approximately 6,024 acres and is located in western Bexar County and borders along the east ROW line of Galm Road, the south ROW line of Braun Road and the west ROW line of FM 1604. There are 253 housing units and a population of 712 in this area.

- The Government Canyon Area includes approximately 10,250 acres. The annexation of these areas is to preserve the natural terrain and wilderness status and to protect the Edwards Recharge Zone from contamination and pollution. The sensitive areas located over the Edwards Recharge Zone were acquired by the City through funding provided by the Proposition 3 program and will be preserved as nature parks and shall maintain their natural beauty in the hill country. Over 80% of these properties are located within the boundaries of the Edwards Recharge Zone. There are no housing units or population in this area.
  - The Sheldon Tract Area is approximately 243 acres. This area is located in western Bexar County at the northwest corner of the intersection of Leslie and Braun Roads. The developer is proposing to develop this area with mixed uses, primarily single-family development with some commercial businesses. This voluntary annexation area currently has no housing units or population.
- Thrift Tract/Kyle Seale
- The Stanton Run Area contains approximately 73 acres and is located adjacent to the City of Helotes in west Bexar County along the southwest right-of-way line of Bandera Road, northwest of FM 1604 W and Bandera Road. There are 249 housing units and a population of 701 in this area.
  - The Helotes Park Terrace Area includes approximately 143 acres and is located in west Bexar County along the northwest right-of-way line of FM 1560 (Leslie Road), west of N FM 1604 W. There are 54 housing units and a population of 140 in this area.
  - The Kyle Seale/1604 Area is approximately 1,314 acres and is located in northwest Bexar County. There are 98 housing units and a population of 255 in this area.
  - The Thrift Tract Area includes approximately 1,275 acres. The properties were acquired by the City of San Antonio and are adjacent to the City of Grey Forest in northwest Bexar County. The annexation of these areas is to preserve the natural terrain and wilderness status and to protect the Edwards Recharge Zone from contamination and pollution. The sensitive areas located over the Edwards Recharge Zone were acquired by the City through funding provided by the Proposition 3 program and will be preserved as nature parks and shall maintain their natural beauty in the hill country. All of this area is located over the Edwards Recharge Zone. There are no housing units or population in this area.
- IH 10 West
- The Cielo Vista Area contains approximately 1,473 acres, consisting mostly of large tracts and is located in northwest Bexar County between IH 10 West, Babcock Road, and Boerne Stage Road. There are 110 housing units and a population of 246 in this area.
  - The Stage Run Area is approximately 142 acres and is located in northwest Bexar County, at the northwest corner of the intersection of IH 10 West and Boerne Stage Road. The Stage Run Area is a planned subdivision adopted for single family residences. There are currently no housing units or population in this area.
- Highway 281 North
- The Lumberman Tract Area contains approximately 2,861 acres and is located in northeast Bexar County north of Evans Road and east of Bulverde Rd. There are no housing units or population in this area.
- Southside Initiative Area. The area contains approximately 36,399 acres and is located in southern Bexar County, south of Loop 410 South. This area is bounded approximately on the north by Loop 410; on the south by the Medina and San Antonio Rivers; on the east by IH 37; and on the west by Nelson and Pearsall Roads. The areas are characterized by numerous flood plains, agricultural and farmland, mixed single family with mobile homes and mobile home parks. Some commercial development is located along most of the major arterials, specifically, along Palo Alto Road, Pleasanton and Somerset Roads, Loop 410 and US Highway 281 South. Existing businesses include flea markets, auto parts and auto repair shops, and light industry commercial. There are 955 housing units and a population of 2,897 in this area.

The \$447,798 in added costs in FY 2003 to provide services in the above annexation areas are listed by department below.

- Code Compliance - \$103,298. Addition of one Abatement Officer along with associated equipment costs.
- Development Services - \$39,114. Addition of one Planner II along with added funds to offset costs of providing inspection services to existing subdivisions.
- Fire - \$22,775. Added funds for the operational expenses for increased service areas.
- Fire/EMS - \$64,426. Added cost for additional peak period staffing operational costs.
- Health - \$23,648. Added operations costs for extending Animal Control and Vector Control Services.
- Municipal Elections - \$1,100. Costs to establish one additional voting site.
- Non Departmental/Non-Operating - \$20,250. Added electricity expenses for supporting street lights.
- Police - \$74,136. Addition of two patrol officers along with associated equipment costs.
- Public Works - \$51,698. Added costs for streets and traffic control system maintenance.
- Planning - \$47,352. Addition of one Senior Planner to assist in the implementation of limited purpose annexation.

### ● **Other Council Priority Adopted Improvements**

The Adopted Budget contains **\$1.43 million** in other council priority improvements in addition to those improvements added for annexed areas. The improvements are described below and categorized by the Council's Budget Priorities.

#### ◆ **PUBLIC SAFETY IMPROVEMENTS - \$146,126**

Fire/EMS. Add \$146,126 to improve staffing at the Emergency Operations Center. One captain will be assigned to the EOC, and one Management Analyst will be added to focus on developing grant applications for Homeland Security and other emergency operations-related programs.

#### ◆ **ECONOMIC DEVELOPMENT IMPROVEMENTS - \$947,286**

Special Projects. Add \$500,000 for environmental and infrastructure requirements assessments for future development of a Texas A&M four-year campus in the southside of the community.

Neighborhood Action. Add \$100,000 to enhance Tax Increment Finance (TIF) Administration. The funds will support service delivery changes and may include adding staff. Funding will better equip the TIF program to encourage revitalization in target areas of the City.

Development Services. Add four Plumbing Inspectors along with overtime funds to improve plumbing inspector responsiveness for an added cost of \$347,286 to be offset with an increase in plumbing inspection fees.

#### ◆ **HUMAN DEVELOPMENT IMPROVEMENTS - \$38,842**

Police. Add \$25,500 for overtime resources for police officers to conduct approximately 170 Bike Rodeo events in cooperation with schools.

Economic Development. Set aside \$13,342 for administrative expenses associated with the City's Veterans Affairs Commission. Expenses include the publication of a quarterly newsletter for the local veterans community and funding to support various veterans events throughout the City.

◆ **CHARTER REVIEW/GOVERNANCE IMPROVEMENTS – \$250,000**

Internal Review. Provide \$250,000 to be set aside for compensation regrades for auditor personnel. The regrades will be implemented after the conclusion of a classification and compensation study by Human Resources.

◆ **NON-STRATEGIC ISSUE IMPROVEMENTS - \$45,000**

Health. Add one Animal Cruelty Officer to augment the City's animal cruelty enforcement efforts at an added cost of \$45,000.

## FY 2003 OTHER FUNDS

### HOTEL/MOTEL TAX FUND

The Adopted Budget for the Hotel/Motel Tax Fund is \$52.5 million. This Special Revenue Fund supports the Convention & Visitors Bureau, Convention Facilities, International Affairs, Cultural Affairs, outside arts and cultural agencies, and other convention/tourist-related activities.

The national economic slowdown that began in late 2002 and was exaggerated by the events of September 11 has also negatively impacted re-estimated Hotel/Motel Tax revenues in FY 2002 and projected revenues for FY 2003. Actual Hotel/Motel Tax collections for the current year are projected to be at \$35.7 million. This amount is \$1.9 million, or 5.08%, less than the \$37.63 million budgeted in FY 2002 for Hotel/Motel Tax revenue. The \$1.9 million loss in revenue is the most immediate evidence of the adverse economic impact to the local tourism industry and the Hotel/Motel Fund in the fall of 2001.

As additional evidence of the impact on the local tourism industry from the slowing economy, the projection for Hotel/Motel Tax revenue in FY 2003 is actually 1.14% less than the \$37.63 million budgeted for FY 2002. The FY 2003 projection for Hotel/Motel Occupancy Tax revenue is based upon an analysis of anticipated lodging demand, projected average daily room rates, estimated hotel/motel room supply and inflation rates. While the FY 2003 projection is \$1.48 million, or 4.14%, over the FY 2002 re-estimate of \$35.72 million, \$1.9 million of the increase (or 5.08%) will just recover the \$1.9 million loss in revenue between the \$37.63 million budget amount and the \$35.72 million re-estimate for FY 2002. The table below summarizes these differences:

#### Hotel/Motel Occupancy Tax Revenue Annual Comparisons (\$ in millions)

<b>FY 2002 Budget</b>	<b>FY 2002 Re-Est</b>	<i>Diff. from '02 Budget Amount</i>	<i>Pctg.</i>	<b>FY 2003 Adopted</b>	<i>Diff. from '02 Budget Amount</i>	<i>Pctg.</i>	<i>Diff. from '02 Re-estimate Amount</i>	<i>Pctg.</i>
\$37.63	\$35.72	(\$1.91)	-5.08%	\$37.21	(\$0.43)	-1.14%	\$1.48	4.14%

Funds in the amount of \$4.88 million have been set aside for the last three years in the Hotel/Motel Occupancy Tax Fund to support presentation of the Pan American Games in San Antonio in 2007. Since the games will not be held in San Antonio, the \$4.88 million will be reallocated as follows:

#### Advertising and Promotional

- \$1.75 million. Additional funding for advertising to address the challenges facing the local visitor industry.
- \$48,168. Redirect cost for the International Affairs' Southeast Mexico CASA program from the General Fund to the Hotel/Motel Tax Fund.

#### Visitor Attractions

- \$400,000. Assist the Witte Museum in securing the "American Originals Treasure from the National Archives" exhibit by funding the improvements to the air conditioning system in the exhibit galleries.
- \$125,000. Support the preservation of the Hertzberg Circus Collection and the development of the Hertzberg History Center.

- \$400,000. Additional funding to provide design enhancements to Mission Trails project on the southern portion of the San Antonio river.

### **Events Promotion**

- \$350,000. Sports Foundation funding for the first year of a three-year commitment for bid development and hosting obligations.
- \$1.564 million. Event development funding to increase visitations and to increase media exposure of the City.

### **Cultural Tourism**

- \$100,000. Provide funding for support of a Performing Arts Center feasibility study to enhance cultural tourism programs.
- \$50,000. Provide funding for a match of non-City funding to assist in the development of the "Splendors of Contemporary Mexican Art" exhibit at the Blue Star Arts Project.
- \$100,000. Provide funding for support to a Culinary Arts Program study.

For the Convention Facilities Department, the Adopted Budget holds 63 positions vacant, generating a savings of \$1.5 million. These positions were added to accommodate the expanded facility in anticipation of larger conventions to be booked at the Convention Center. In FY 2003, the Center is anticipating lesser convention activity due to the slower tourism activity being felt nationally. Consequently, the department will be able to keep 63 positions vacant generating additional savings for the Hotel/Motel Fund. Specifically, the vacant positions include: one Audio Visual Technician, one Building Maintenance Crew Leader, one Building Maintenance Mechanic, two Building Maintenance Officers, one Event Services Coordinator, one Electrician Helper, eight Maintenance Crew Leaders, 38 Maintenance Worker I positions, one Office Assistant, two Painter I's, one Plumber, one Special Projects Coordinator, one Senior Building Maintenance Mechanic, one Senior Event Services Coordinator, two Stock Clerks and one Telecommunications Technician. In addition, 133 positions that were on a phase-in hiring schedule for FY 2002 have been frozen, allowing only for the full staffing of 324 positions by the end of FY 2003.

With respect to the Convention & Visitors Bureau (CVB), the Adopted Budget increases the recurring tourism advertising budget by \$2.15 million (\$400,000 recurring and \$1.75 million one-time funds reallocated from the Pan American games support) to further promote travel to San Antonio as part of the local tourism industry's recovery from last fall's downturn. This recommendation will bring the total advertising budget for the bureau to \$7.75 million for FY 2003. The \$2 million increase in the CVB's FY 2002 advertising budget was a one-time increase for the current fiscal year only and was intended to give a boost to promotional efforts immediately following the events of September 11.

The Adopted Budget also redirects the Murals Program and supporting staff from the Parks Department to the Cultural Affairs Office to be funded through the Hotel/Motel Tax Fund. The redirection will transfer one Senior Community Center Leader position and one Senior Recreation Specialist position to the Cultural Affairs Office. This redirection will enhance services to the Cultural Tourism Initiative and Neighborhood Arts Program by providing technical assistance to communities, and inventorying of murals for future preservation and tourism opportunities. This redirection will result in \$75,375 in added expenditures to the Hotel/Motel Tax Fund and a corresponding savings to the General Fund.

Additionally, with respect to the Cultural Affairs Office, the Adopted Budget includes a one-time improvement to support the development of a Citywide Cultural Plan that establishes a new arts and cultural policy. The Plan will provide general directions and guidelines through which the City will seek to meet the present and future cultural needs of the San Antonio community. The improvement of \$120,000 will be used to leverage other non-City funds to cover the total cost needed for the Plan.



The FY 2003 Adopted Budget also includes \$300,000 to fund one-time expenses associated with the solicitation and negotiation of the Convention Center Headquarters Hotel project. Expenses include consultant fees and legal fees for the negotiation of contracts and related matters.

## **ALAMODOME OPERATING FUND**

The Adopted Budget for the Alamodome Fund is **\$8.0 million**. The primary sources of revenue from operation of the Alamodome are facility rentals, food and beverage concessions, reimbursable expenses and various event-related fees. Revenues are estimated based on an event mix projection. The FY 2002 event mix assumed 143 event days which includes over 40 Spurs games and 21 days of Dallas Cowboys training camp. The FY 2003 event mix projection, on the other hand, assumes only 94 event days without the Spurs and the Cowboys training camp. The impact of not having the Spurs and Cowboys in the event mix will be offset somewhat with the scheduling of more high school football games and graduations. Nevertheless, included in the total \$7.2 million in projected revenue for the Alamodome Fund in FY 2003, is the transfer into the fund of \$1.57 million from the Alamodome Renewal & Improvement Fund and \$272,287 from the Alamodome Improvement & Contingency Fund. These transfers are necessary to keep the fund with a positive fund balance in FY 2003.

The Adopted Budget also includes a reduction keeping six positions within the Alamodome department vacant. The Alamodome positions include one Administrative Assistant II, one Accountant II, one Event Services Manager, one Custodial Services Crew Leader, one Plumber and one Maintenance Electrician. There will be no impact to service delivery in FY 2003 as a result of this reduction. The savings achieved from this reduction in FY 2003 will total \$195,345.

## **AVIATION FUND**

The Adopted Budget for the Aviation Fund is **\$43.02 million**. In FY 2003, the fund will continue to maintain a three-month operational reserve of \$6.15 million. Among \$272,924 in reductions in the Adopted Budget for the Aviation Fund is \$143,889 reflecting the elimination of four Electronic Technician positions. The primary assignment for these positions was the maintenance and repair of the Airport's parking revenue control equipment. The entire parking system was recently replaced with state-of-the-art equipment that no longer requires this level of support.

The FY 2003 Budget adds \$652,497 in improvements. Among these improvements include:

- Add one Administrative Assistant I for the Airport Police in the Personnel Identification Office. As a consequence of the September 11, 2001 events, the Airport Police have been tasked with additional federally-mandated responsibilities. The position will assist Airport Police with the administrative tasks associated with these new requirements and will free uniformed personnel for security duties in the field. The FY 2003 cost of this improvement will total \$32,816.
- Add an Airport Capital Program Administration Team in order to implement effectively the Aviation Department's Capital Program. The team will consist of a Contract Specialist, an Architect and an Administrative Assistant II. The FY 2003 cost of this improvement will total \$141,048.
- Add \$160,000 for air service development. Air service development services will be utilized to increase the number of nonstop flights at San Antonio International Airport. The contractor will assist the Aviation Department in developing and presenting six technical and marketing proposals to airlines during FY 2003.
- Add \$165,144 for an expanded Air Cargo Management Program. One Real Estate Supervisor will be added. This position will be responsible for retaining existing cargo carrier operations, expanding cargo activity of existing carriers, and attracting new cargo business. Funds will also be allocated to retain the services of an air cargo development consultant to gather marketing intelligence, assist in accessing key industry contacts, and prepare presentations to prospective clients.

- Add one System Programmer I to support information technology (IT) system improvements that are being implemented in conjunction with the terminal renovation project. These key IT elements include a Multi-Use Flight Information Display System (MUFIDS), and a visual paging system, as well as the replacement and upgrade to the airfield lighting system and the security/access system. The FY 2003 cost of this improvement will total \$46,970.

## GOLF FUND

The FY 2003 Adopted Budget for the Golf Fund is **\$6.9 million**. The fund continues to face fiscal challenges due in large part to unseasonable weather conditions experienced during the past two fiscal years and the impact of the recent flood this past July. The Five-Year Forecast projected a shortfall to occur in the current fiscal year as well as in FY 2003. To address the shortfall, the Adopted Budget recommends a combination of increases in golf fees and operation reductions.

With respect to golf fees, the following fee adjustments are among those adopted to generate a total of \$553,435 in new revenue in FY 2003:

- Increase Resident Golf Card fee costs by \$5 for City residents (from \$30 to \$35) and \$10 for County residents (from \$50 to \$60) to generate \$40,000.
- Increase Golf Cart Rental fees by 75 cents from \$19.25 to \$20 in order to generate \$63,321.
- Increase Par 3 Golf Course greens fees by a range of \$1.25 to \$1.75 per round depending on weekend or week day to generate \$41,221.
- Increase Greens Fees at all City golf courses by \$1.50 per round to generate \$381,629.
- Increase the fees for buckets of range balls by a range of 50 cents to a \$1 a bucket depending on bucket size to generate \$27,264.

These fee increases will have minimal to no impact on the competitive position of municipal golf courses relative to private golf courses in the San Antonio area.

With respect to expenditures, a total of \$407,686 in reduced expenditures is adopted for FY 2003:

- Eliminate one vacant Golf Activities Attendant, one vacant, part-time Golf Activities Attendant, one filled Golf Course Equipment Operator and one filled Golf Activities Supervisor at the Polo Field Driving Range. Since the facility is currently under lease to Golf San Antonio, there will be no anticipated impact on service due to this reduction. This reduction will result in savings of \$95,602.
- Eliminate one vacant Assistant Golf Operations Superintendent position. This position has not been filled for several years. Consequently, there will be no anticipated impact due to this reduction. This reduction will result in savings of \$38,657.
- Decrease temporary services expenditures due to recent hiring of temporary employees to fill full-time positions. There will be no impact on services due to this reduction. This reduction will result in savings of \$154,927.
- Decrease the contractual services budget at Cedar Creek and Mission del Lago Golf Courses due to the elimination of security guard services during FY 2002. In addition, this reduction will decrease the Botanical and Agricultural Supplies line item budget due to efficiencies garnered through better management practices and excess inventory from prior years. This reduction will result in savings of \$118,500.

The above expenditure reductions and revenue increases are expected to allow the Golf Fund to have a positive fund balance by the end of FY 2003.

## **PARKING FACILITIES FUND**

The FY 2003 Adopted Budget of the Parking Facilities Fund is **\$9.6 million**. The fund continues to maintain its financial stability.

The Adopted Budget eliminates seven full-time vacant Parking Attendant positions from the Parking Operations Division at a savings of \$178,702. These positions are located in the Mid-City Parking Garage, Dolorosa Lot, and St. Mary's Parking Garage. This reduction has a corresponding adopted parking enforcement improvement of \$67,153, which will add two Enforcement Officer positions, initiate a re-grade study of enforcement, allow for certification in traffic management, and provide training through the City on cultural awareness, confrontational de-escalation, and tourism assistance. The total adopted net savings from this redirection in FY 2003 is \$111,549.

Additionally, the Adopted Budget transfers responsibility for building maintenance and security of parking facilities from the Parking Division to the Building Maintenance Division consistent with the recommendations of the Span of Control Study.

## **SELF INSURANCE - EMPLOYEE BENEFITS FUND**

The FY 2003 Adopted Budget for the Self-Insurance Employee Benefits Fund is **\$66.8 million**. The City has long maintained as a significant employment benefit a health insurance program for employees and their dependents that is provided at no cost to the employee (standard CitiMed plan). However, as described in the City's Five-Year Financial Forecast, the City's continued ability to maintain this benefit has been threatened by significantly rising medical costs which have increased in recent years well above the normal rate of inflation. Continued maintenance of the current level of employee health benefit coverage in the future presents the greatest financial challenge. The reasons include:

- Enrollment in the CitiMed basic program has increased by 31.7% from September 1996 to September 2001. This increase stems from the transition of employees from HMO programs that have dropped their relationship with the City over the years (from three HMO's in FY 1999 to one in FY 2001) as well as dramatically increased employee HMO premium costs. As a proactive measure to minimize migration of employees from the HMO plan, the City began contributing to the HMO premium costs on employees in FY 2002.
- Increase in the cost of prescriptions – 21.5% from FY 1999 to FY 2000, 36.4% from FY 2000 to FY 2001, and 25% from FY 2001 to FY 2002.
- Increase in the cost of medical claims – 16.13% from FY 1999 to FY 2000, 14.85% from FY 2000 to FY 2001, and 17% from FY 2001 to FY 2002.
- National authorities project medical costs to increase by 12% in FY 2003 with prescription costs increasing at a rate of 20%

The Employee Benefits Fund's budgeted end-of-year fund balance for FY 2001 was \$956,307. As a consequence of the dramatically escalating costs described above, the actual end-of-year balance for FY 2001 was a shortfall of \$4.8 million. With the same cost trends continuing through the current year, by the end of FY 2002 the fund is projected to have a shortfall of over \$13.3 million. To address this shortfall a number of measures have been included in the Adopted Budget including assessment increases for all funds totaling \$5.9 million or a 13% increase.

To address specific issues related to increasing costs, a consultant was contracted in FY 2002 to perform a three-year actuarial study and plan design review of the City's Employee Benefits program. The consultant was hired specifically to make recommendations on plan design changes to allow the City to begin to control costs. The Adopted Budget includes recommendations designed to save a total of \$1.36 million in claims costs in FY 2003 as described below.

Based upon the plan review consultant's recommendations, the Adopted Budget implements plan design changes to contain medical and prescription costs. The total cost savings in FY 2003 resulting from the plan changes is \$805,500. Benefits changes include the following:

- Combine different civilian employee non-Health Maintenance Organization (HMO) medical plans into a single plan that creates incentives for employees/dependants to use a lower cost preferred medical health care provider network. Total savings from this plan change in FY 2003 is estimated at \$610,500.
  - The City currently maintains two different medical plans for its employees and dependents that are provided at no added charge. The City also has an HMO option to which employees who select the plan make an additional contribution. The two different no-cost plans (Plans B and C) currently vary in terms of amount of the deductible that has to be met (Plan B - \$200 vs. Plan C - \$400), percentage of expenses covered (Plan B - 80% vs. Plan C - 70%) and maximum annual out-of-pocket expenses (Plan B - \$1,200 vs. Plan C - \$1,400). The benefits are provided regardless whether or not preferred network providers are used. Plan C also provides vision and dental benefits at no added charge.
  - The new combined plan will have separate policies for use of in-network providers versus out-of-network providers.
    - ⇒ In-network medical care will be paid at a \$250 deductible, 80% expense coverage, \$1,750 annual out-of-pocket maximum expenses and \$15 office visit co-payment (not applicable to out-of-pocket maximum).
    - ⇒ Out-of-network care will be paid at a \$500 deductible, 60% expense coverage, \$3,500 out-of-pocket maximum with no office visit co-payment.
  - The Plan C option of vision and dental benefits provided at no charge will be eliminated but will be available to all non-HMO participants at an added cost.
- Increase Prescription Card co-payments for an estimated savings in FY 2003 of \$195,000.
  - Generic drugs: from \$2 to \$5
  - Brand name with generic drugs not being available: from \$15 to \$20
  - Brand name with generic drugs being available: from \$20 to \$35

Other adopted changes to the Employee Benefits program designed to reduce costs include:

- Negotiation of a new Pharmacy Benefit Manager contract to obtain higher pharmacy discounts and rebates (estimated savings in FY 2003 - \$250,000).
- Enhancement of the Employee Benefits Utilization Review program. Specifically, the Adopted Budget adds one Case Management Nurse and one Utilization Review Specialist to augment the Utilization Review Manager's audit of health benefit claims. The total FY 2003 cost for this improvement will be \$110,697. It is estimated that a total of \$418,400 in claims expense savings will be generated by the improvement, creating a net savings to the Employee Benefits fund of \$307,703.

The combined savings impact of the above changes to the health benefits plan for employees along with the pharmacy management and benefits utilization initiatives is estimated at \$1.36 million in FY 2003.

The Employee Benefits Fund will require continuous and aggressive monitoring during the next fiscal year as the above adopted changes are implemented. Future plan modifications recommended by the consultant to be considered include establishing health care medical management programs focused on providing managed care for employees having chronic, high risk ailments involving high costs such as back pain, high risk maternity, heart disease and depression. Programs such as these will need to be carefully studied as means of providing long term solutions to address rising health care costs and increasing fund balance deficits.

## **SELF INSURANCE - WORKERS COMPENSATION FUND**

The FY 2003 Adopted Budget for the Workers Compensation Fund appropriation is **\$14.3 million**. Revenues collected by the fund are received through departmental assessments based upon claim loss history. Higher-than-anticipated claims expenses realized near the end of FY 2001 reduced the fund balance from the \$5.2 million projected to be available at the beginning of FY 2002 to an actual balance of \$3.2 million. This reduction in the beginning available fund balance contributes directly to the shortfall projected for this fund in FY 2002. The same types of increases in medical expenses that have been noted for the Employee Benefits Fund have adversely impacted the Workers Compensation Fund as well.

In order to maintain a reserve adequate to support future claims, departmental assessments in all funds will need to be increased. The FY 2003 Budget reflects a 21% increase in assessments City-wide which will generate \$1.97 million in additional revenue for the fund.

## **ENVIRONMENTAL SERVICES FUND**

The Adopted Budget for the Environmental Services Fund is **\$47 million**. The Five-Year Financial Forecast presented in June concluded that without any changes to the fund's rate structure or significant adjustments to expenditures, the Environmental Services Fund could expect significant annual shortfalls during the forecast period. During the Council budget prioritization process, the Council also expressed concern that the City's recent curbside brush collection program modifications have not been able to remedy the continued abuse by selected individuals that regularly use the brush pick-up program in-lieu of proper disposal at City landfills. The Adopted Budget addresses both the fiscal stability of the fund and the effectiveness of the brush collection and disposal program.

In order to maintain the current twice-a-week schedule, a 5.5% increase in the monthly Residential Collection Fee (from \$9.20 to \$9.71 per month - an increase of 51 cents) will be imposed, generating revenue of \$1.84 million annually. The other components of the overall monthly fee for solid waste services will remain the same: \$1.30 a month - Environmental Fee and \$1.20 a month - Brush Collection Fee. Under this scenario, the overall monthly fee with the three components combined will increase from \$11.70 per month to \$12.21 per month. Solid waste service will continue to include the current once-a-week recycling program.

In order to address the effectiveness of the City's brush collection and disposal program, the Adopted Budget will retain curbside brush/bulky goods collection and reduce the annual curbside collection cycles from three to two. The size of each brush collection area will be cut in half, and the Dial-A-Trailer program will be expanded.

## **STORMWATER OPERATING FUND**

The FY 2003 Adopted Budget of the Stormwater Operating Fund is **\$18.5 million**. The primary source of revenue for the Stormwater Fund is the Stormwater Fee that is assessed each water meter within the City of San Antonio. As described in the Financial Forecast, the Stormwater Operating Fund continues to have fiscal stresses caused by slow growth in revenue and added costs arising from environmental mandates. Additionally, the recent July 2002 flood highlighted shortcomings in the City's drainage and flood control infrastructure that need to be addressed. In response to these needs, the Adopted Budget implements a 30% increase in the Stormwater Fee for residential, multi-family, commercial and public rates. The total revenue raised by the increase is projected at \$4.96 million. The added revenue will be dedicated to the following purposes: 60% for debt service (\$2.98 million) to support the issuance of revenue-back debt to fund neighborhood drainage and flood control capital improvement projects, and 40% (\$1.98 million) for improvements to stormwater operations. With \$2.98 million available for debt service for Stormwater Fee-backed revenue bonds, up to \$39.71 million in revenue bond-generated resources could be available for neighborhood drainage and flood control projects in FY 2003.

The Adopted Budget includes \$1.06 million in recommended improvements in the Stormwater Fund. Among the improvements include:

- The desire of the community to better understand the cumulative impact of continuing development over the Edwards Aquifer has been highlighted by the debate over the PGA Village project. The Adopted Budget includes \$500,000 as a challenge match to other local governments to pool funding for a thorough study resulting in an Edwards Aquifer Management Planning Model that will allow the City and other local governments and agencies to determine the impacts of future growth in a rigorous, consistent and scientific manner.
- Establish a regularly scheduled program for removing floatable debris and invasive vegetation from unimproved waterways (Creeks) within the City. This activity is currently performed on a reactive basis as a result of flooding. Five positions will be added: one Senior Engineering Operator, one Equipment Operator II, two Maintenance Workers and one Drainage Supervisor. The improvement cost also includes new equipment. With this improvement, the unimproved waterways will receive scheduled maintenance every (5) five years. Total cost of this adopted improvement in FY 2003 totals \$552,656.
- Establish a Stormwater Operations Concrete Crew. This improvement will provide for the addition of one Concrete Crew to the Storm Water Operations Division. The crew consists of one Maintenance Crew Leader, one Equipment Operator II, two Carpenter II positions, one Concrete Finisher, and two Maintenance Worker positions. This improvement will also provide for the equipment and materials to perform maintenance concrete repair work on aging storm water infrastructure. The cost of this adopted improvement in FY 2003 totals \$441,565.

The Adopted Budget also includes \$199,403 for mandated improvements in the Stormwater Fund. Among the mandated improvements include:

- Implement the new adopted Texas Pollutant Discharge Elimination System (TPDES) permit requirements. The TPDES permit requirement charges the Storm Water Operations Division to monitor river and creek floatables from flowing in major drainageways. The City will satisfy this permit requirement utilizing City forces along with the Restitution Program in cooperation with the Parks and Recreation Department. According to the adopted permit, the City must conduct floatable surveys on at least 100 sites per year. The intent of the survey is to monitor the effectiveness of the litter control programs in major drainageways. The cost of this mandate in FY 2003 will total \$140,638.
- Acquire a Geographical Imaging System (GIS) for the Storm Water Utility. GIS mapping is a requirement of the Texas Pollutant Discharge Elimination System (TPDES). This GIS system will facilitate the storm water master planning to include: sizing and locating regional detention facilities, floodplain modeling, drainage project evaluations, drainage complaint resolution, and verification of floodplain violators. The cost of this mandate in FY 2003 will total \$35,684.

## FY 2003 CAPITAL BUDGET

The FY 2003 Adopted Capital Budget totals \$325.9 million which represents a 2% increase from the FY 2002 Adopted Capital Budget of \$319.8 million. The increase is the result of more projects within the 1999 General Obligation Bond Program beginning construction and an aggressive airport construction program consistent with the International Airport's master plan.

The FY 2003 Adopted Capital Budget reallocates resources budgeted in FY 2002 to be applied toward targeted one-time investments in high Council Budget Priority areas. Specifically, the FY 2002 Adopted Capital Budget included \$8 million for municipal facilities improvements to come from Certificate of Obligations. These funds are reallocated as follows in the Adopted Capital Budget:

- Brooks City-Base. Apply \$1.6 million toward Brooks City-Base facility modifications and development design costs.
- KellyUSA. Apply \$2.15 million toward the following projects at KellyUSA:
  - Kelly USA area watershed modeling: \$200,000
  - Technical studies for Kelly USA transportation enhancements: \$100,000
  - Design of New Luke Road: \$758,000
  - New Laredo Highway entrance: \$276,000
  - Rail accessibility upgrades for East Kelly: \$600,000
  - Quintana Road entrance enhancement: \$215,000
- Neighborhood Accessibility & Maintenance Program (NAMP). The Adopted Capital Budget includes \$1.25 million in Certificate of Obligation-funded resources as a one-time enhancement to the NAMP program. Specifically, each Council District will have \$125,000 from Certificate of Obligation funds as a one-time augmentation to the continuing annual appropriation of \$200,000 included in the Adopted Operating Budget for NAMP projects. In FY 2003, the total adopted NAMP funding for each Council District from the Operating and Capital Budget combined will be \$325,000.
- Municipal facility improvements: The Adopted Budget allocates \$2.75 million to provide funding for space reprogramming, design, and renovations to City buildings.
- Medical Center improvements. The Adopted Budget allocates \$2.71 million in FY 2003 and FY 2004 to support the reconstruction of three critical intersections essential for smooth traffic flow in the congested Medical Center Area. Specifically, \$250,000 will be utilized for the development of a traffic model in FY 2003. \$2.46 million will be added to the FY 2004 Capital Budget for construction work associated with the three intersections.

The Adopted Six-Year Capital Budget for the years FY 2003 through FY 2008 totals \$696 million. The Six-Year program represents the City's long-range physical infrastructure development and improvement plan. The program contains 360 projects to include \$353.9 million in air transportation improvements, \$84.9 million in streets projects, \$60.19 million in parks projects and \$57.5 million in drainage improvements. The Six-Year Capital Budget is coordinated with the City's Debt Management Plan to ensure that projected capital funding requirements are consistent with plans for the sale of authorized General Obligation and Certificate of Obligation debt.

The Adopted Budget also recommends that a \$115 million General Obligation Bond program be developed to bring to the voters for an authorization election in May 2003. The last General Obligation Bond authorization was in 1999. Bond elections have typically been on held a five-year cycle. As a consequence of prudent management of the City's debt management plan, sufficient debt capacity is available to develop a program that will accelerate the next bond authorization election to May 2003.

## **FY 2003 CITY EMPLOYEE PERSPECTIVE**

The City recognizes the dedication and commitment to public service exhibited daily by City employees. Among our most valuable assets, City employees are responsible for delivery of critical services to over a million citizens each day and eight million visitors each year. The fiscal challenges presented by the projected \$42.4 million shortfall in the General Fund for FY 2003, however, required very difficult recommendations to be made on reductions in services and personnel. Every effort was made in the preparation of the Adopted Budget to minimize the adverse impact of the reductions on the City's employees. Nevertheless, elimination of some filled positions was necessary. For all funds, a total of 344 authorized positions are recommended for elimination of which 79 are filled and 265 of which are vacant.

The Adopted Budget continues the City's policy of providing a "living wage" for all employees. Specifically, the budget increases the salaries of all employees currently making less than \$8.75 per hour. In February of each year the Federal Government releases an official income level for poverty. The 2002 Federal Poverty Guidelines for the 48 Contiguous states and the District of Columbia indicates that for a family of four, the approximate "living wage" hourly income guideline is \$8.70 per hour. By establishing the \$8.75 per hour minimum effective October 1, 2002, the City will maintain its commitment to a living wage standard. The FY 2003 cost to the General Fund for this enhancement is \$438,000 while the cost for all funds is \$799,425.

The Adopted Budget also sets aside \$4.5 million in added mandated expenditures for increased wages, certification pays, and education pay arising from the terms of the recently approved collective bargaining agreement with the San Antonio Professional Firefighters Association. Specifically, the resources provide for a contractually required 3% pay increase for firefighters in FY 2003, the addition of a new step for the firefighter rank, the addition of a new step for the Fire Apparatus Officer rank, and increases to the education incentive pay.

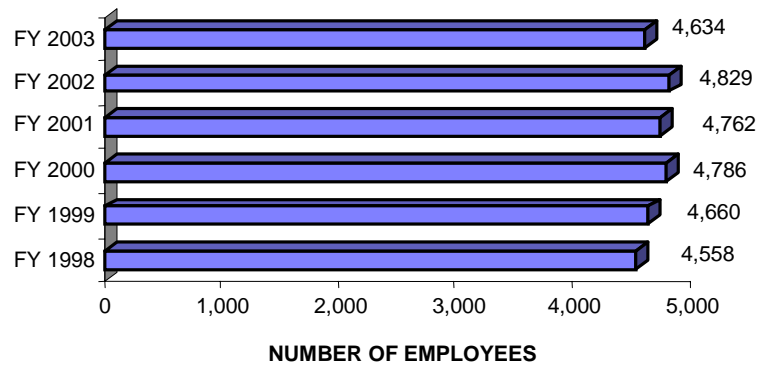
The City recently began negotiations for a new collective bargaining agreement with the San Antonio Police Officers Association. The Adopted Budget sets aside \$4 million to accommodate up to a potential 3% wage adjustment for police officers similar to that provided for in FY 2003 under the wage terms of the recently approved firefighter association contract.

The following charts show the number of uniform and civilian positions authorized in the General Fund over the last six years. The charts provide a summary of the net result in positions after program reductions, mandates, program improvements, and reorganizations. On the civilian side, there is a net reduction of 195 civilian positions from FY 2002 to FY 2003. On the uniformed positions side, there is a net increase of 6 uniformed positions. With civilian and uniformed positions combined, there is an overall net decrease of 189 positions in the General Fund.

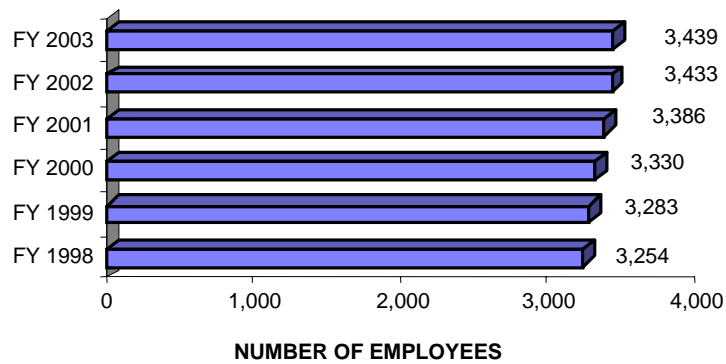
The total number of positions in FY 2003 for all funds including grants will grow by 139 positions from 14,258 positions in FY 2002 to 14,397 positions. Of the total FY 2003 positions, 1,250 positions are grant funded.



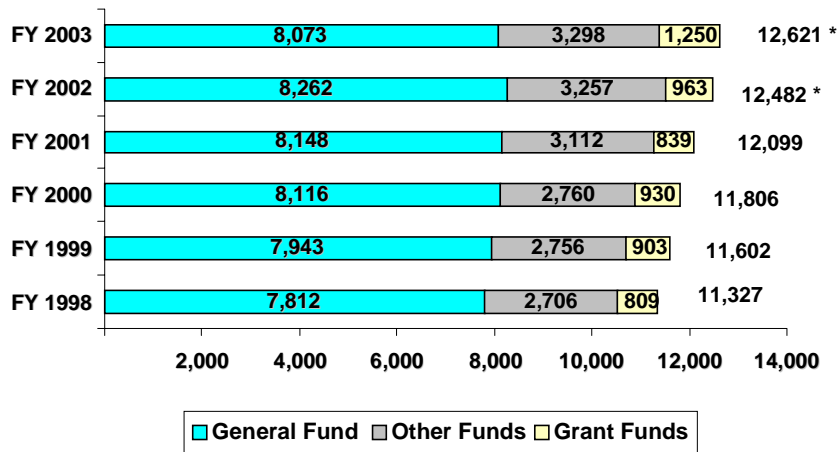
### GENERAL FUND - AUTHORIZED CIVILIAN POSITIONS



### GENERAL FUND - AUTHORIZED UNIFORM POSITIONS



## AUTHORIZED POSITIONS - ALL FUNDS, CIVILIAN & UNIFORM POSITIONS



\* Note: For comparison purposes, the FY 2002 and FY 2003 totals do not include 1,776 alternative workforce positions recognized in FY 2002.

## CONCLUSION

The Adopted Budget for FY 2003 represents a program of revenues and expenditures which provide for as high a level of basic services to the community as possible within the limits of available resources. The task was particularly challenging due to the desire to balance the budget in the face of a \$42.4 million shortfall without a tax rate increase and with due regard for the priorities identified by City Council this year.

The Adopted Budget for FY 2003 represents the most challenging budget in a decade. The Budget eliminates a projected \$42.4 million General Fund shortfall through a combination of reductions and redirections designed to minimize the adverse impact on the delivery of priority services. The Adopted Budget also provides for added targeted investments in Council priority areas such as neighborhood infrastructure and maintenance, drainage and flood control, aviation infrastructure, Brooks City-Base, Kelly USA, human development, tourism promotion, and environmental protection. While reductions to the workforce and the lack of a civilian wage increase package are being necessitated by adverse fiscal conditions faced in FY 2003, the City remains able to maintain the living wage standard for FY 2003 by increasing the minimum hourly wage from \$8.50 to \$8.75. Additionally, the Adopted Budget requires no increase in the overall property tax rate for the tenth consecutive year remaining at 57,854 cents per \$100 valuation.